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Vol. IV

175344
S.C.
TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1938

No. 27

**THE TENNESSEE ELECTRIC POWER COMPANY,
ET AL., APPELLANTS,**

vs.

**TENNESSEE VALLEY AUTHORITY, ARTHUR E.
MORGAN, HARCOURT A. MORGAN AND DAVID
E. LILIENTHAL**

**APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR
THE EASTERN DISTRICT OF TENNESSEE**

FILED APRIL 18, 1938.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1938

No. 27

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ET AL., APPELLANTS,

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APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR
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VOLUME IV.

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*COMPLAINANTS' EXHIBIT No. 1

[fol. 1918]

Subpoena Duces Tecum

The President of the United States to Tennessee Valley
Authority, Greeting:

You are hereby commanded to appear before the District
Court for the Eastern District of Tennessee, Northern Divi-
sion, in the courtroom of the Federal Building at Chatta-
nooga, Tennessee, on the 15th day of November, 1937, at
_____ o'clock A. M., and bring with you the following
documents and records, to wit:

(1) Minutes of each of the meetings of the Board of
Directors of Tennessee Valley Authority, held on or about
each of the dates hereinafter set forth, that contains any
reference to the policies, activities, actions or enterprises
of said Authority that involved, or were related to, or were
in furtherance of the generation, transmission, distribution,
or sale of electric energy by said Authority, to wit:

| | |
|--------------------|--------------------|
| June 17, 1933 | January 19, 1934 |
| June 26, 1933 | March 17, 1934 |
| July 11, 1933 | March 30, 1934 |
| July 30, 1933 | April 13, 1934 |
| August 5, 1933 | May 20, 1934 |
| August 10, 1933 | June 30, 1934 |
| August 24, 1933 | July 17, 1934 |
| August 25, 1933 | July 27, 1934 |
| September 13, 1933 | September 18, 1934 |
| September 14, 1933 | October 9, 1934 |
| September 18, 1933 | November 21, 1934 |
| September 21, 1933 | November 20, 1935 |
| September 29, 1933 | November 27, 1935 |

* For convenience exhibits are printed in separate vol-
umes of the Record; Appellants' Exhibits, Volumes 4
to 6; Appellees' Exhibits, Volume 7. For original ex-
hibits such as maps and charts see volume "Reproductions
of Certain Original Exhibits submitted by Appellants" and
"Reproductions of Certain Original Exhibits submitted
by Appellees".

COMPLAINANTS' EXHIBIT No. 1

[fol. 1919]

| | |
|--------------------|--------------------|
| October 13, 1933 | January 2, 1936 |
| October 14, 1933 | January 11, 1936 |
| October 16, 1933 | February 20, 1936 |
| October 24, 1933 | August 11, 1936 |
| October 30, 1933 | September 5, 1936 |
| November 9, 1933 | September 21, 1936 |
| November 27, 1933 | January 6, 1937 |
| December 16, 1933 | March 2, 1937 |
| August 7, 1934 | June 16, 1937 |
| September 24, 1935 | August 23, 1937 |
| | September 14, 1937 |

and in addition to the foregoing, the minutes of any meeting or meetings of said Board of Directors of Tennessee Valley Authority containing any reference to any of the following subjects, to wit:

(a) The discussion, consideration, approval or adoption of a power policy;

(b) The discussion, consideration, approval or adoption of rates for the sale of electric energy at wholesale or retail to all classes of customers and including rates for firm, interruptable or secondary power;

(c) The discussion, consideration, approval or adoption of reports from or communications with the Federal Emergency Administration of Public Works having to do with the making or withholding of loans and grants for the construction of electric distribution or generating facilities by said Federal Emergency Administration of Public Works to the following municipalities, or any of them, to wit:

| | |
|-------------------------|----------------------|
| Decatur, Alabama | Knoxville, Tennessee |
| Sheffield, " | Memphis, " |
| Tuscumbia, " | Newbern, " |
| Courtland, " | Paris, " |
| Hartselle, " | Somerville, " |
| Muscle Shoals, " | Jackson, " |
| Russellville, " | Fayetteville, " |
| Guntersville, " | Murfreesboro, " |
| Tarrant City, " | Lenoir City, " |
| Bessemer, " | Lewisburg, " |
| Florence, " | Columbia, " |
| Starkville, Mississippi | Chattanooga, " |
| Okolona, " | |
| Aberdeen, " | |

COMPLAINANTS' EXHIBIT No. 1

or the effect thereof upon the expansion of the sale of electric energy by Tennessee Valley Authority or upon the negotiations or efforts of Tennessee Valley Authority to acquire the generating, transmission, or distribution facilities of privately owned public utilities from October 1, 1933 to date;

(d) The discussion, consideration, approval or direction of the construction of any transmission, distribution or rural electric line in the states of Tennessee, Alabama, Kentucky, Georgia, Mississippi, North Carolina or Virginia or any of them;

[fol. 1920] (e) The discussion or approval of the assignment by Tennessee Valley Authority of its contract with Volunteer Portland Cement Company to the City of Knoxville, Tenn., in the year 1937;

(f) The discussion or approval of the contracts between Tennessee Valley Authority and Young and Rubicam, Inc., dated respectively April 11 and April 21, 1934, or the performance or termination thereof;

(g) The discussion or approval of the employment of George D. Munger as Sales Promotion Manager in March, 1934;

(h) The Authorization of the Office Manager of Tennessee Valley Authority to approve purchase requisitions for Electric Home and Farm Authority, Inc. in 1934 or thereafter;

(i) The discussion or consideration of reports concerning or communications from or to Rural Electrification Administration from May 11, 1935 to date, respecting the organization, financing or construction of lines for any rural electric cooperatives organized or to be organized under the laws of the states of Tennessee, Alabama, Kentucky, Georgia, or Mississippi, or any of them;

(j) The reports from or communications with National Power Policy Committee or any of the members or representatives thereof, from July 9, 1934, to date;

(k) The discussion, consideration, approval or authorization of any contract or contracts with any publicity or

COMPLAINANTS' EXHIBIT No. 1

public relations agent for the release and circulation of news items or articles concerning Tennessee Valley Authority or Electric Home and Farm Authority, Inc., from July 1, 1933 to date.

2. (Omitted.)

3. The contracts dated respectively April 11, 1934 and April 21, 1934, between Tennessee Valley Authority and Young and Rubicam, Inc.

4. A copy of all forms of letters, applications or subscription blanks, information or explanation sheets and contracts prepared or distributed by TVA or under its direction that described, related to or had to do with a so-called "Neighborhood Plan" for obtaining electric energy and all executed contracts relating thereto to which TVA or any of its agents or representatives was a party.

5. A copy of all forms of bulletins, circular letters or instructions or information sheets having to do with the method of operation, rates or policies of any municipality [fol. 1921] or cooperative association that was engaged in distributing and selling electric energy purchased from TVA sent or issued by TVA from or after April 1, 1934, to any municipality or cooperative association or any of the officers thereof.

6. The minutes, memoranda or notes or reports of all meetings held by TVA or any of its representatives with the managers or superintendents of the electric distribution systems or any municipality or cooperative association or any of them from April 1, 1934 to date, at which method of operation, rates or policies of any such distribution systems was discussed.

7. Correspondence between Tennessee Valley Authority, or certain of its representatives, and other persons, corporations, municipalities, political subdivisions or governmental agencies, or their representatives, having to do with the activities of said Authority in connection with the construction of dams or the generation, transmission, distribution or sale of electric energy or the creation of a market therefor or rates or costs thereof from July 1, 1933 to date, as follows:

COMPLAINANTS' EXHIBIT No. 1

Copy of questionnaire entitled "Questions for Power Users" sent by TVA to towns and cities or to civic organizations in the TVA area in August or September, 1933, and list of those to whom such questionnaires were sent.

Letter dated on or about August 7, 1933, from U. S. Senator Black of Alabama to TVA, re Wheeler Dam.

Copy of protest dated on or about August 23, 1933, to Federal Power Commission from TVA Director Lilienthal objecting to a granting of a license to Southern Industries & Utilities, Inc.

Copy of letter dated on or about August 24, 1933, from TVA to U. S. Senator Black, re Wheeler Dam.

Letter dated on or about September 8, 1933, from Senator Black to TVA, re construction of Wheeler Dam.

Telegram dated on or about September 22, 1933, from U. S. Senators Black and Bankhead of Alabama to TVA, re construction of Wheeler Dam.

Letter dated on or about October 16, 1933, from Harry Berry, Engineer of the Tennessee Public Works Board, to TVA or Director Lilienthal, and copy of reply thereto.

Copy of letter between the dates of October 16 and November 2, 1933, from TVA or Lilienthal to PWA or Administrator Ickes, mentioning letter from Harry Berry referred to above, and letter in reply thereto.

Telegram dated on or about December 4, 1933, from Glenn, Mayor of Florence, Ala., to TVA or Lilienthal, and reply thereto on or about December 5, 1933.

[fol 1922] Copy of letter dated on or about December 7, 1933, from TVA (Lilienthal) to Mayor Glenn of Florence, Ala.

Copy of telegram dated on or about December 27, 1933, from TVA (Lilienthal) to Mayor Glenn of Florence, Ala.

Letter dated on or about January 4, 1934, from TVA (Lilienthal) to Mayor of Florence, Ala.

Copy of telegram dated on or about January 4, 1934, from Lilienthal to Sheffield and Tuscumbia, Ala., stating that PWA loan approved would be released.

Copy of letter dated on or about March 6, 1934, from Lee Glenn, Mayor of Florence, to Lilienthal.

Copy of letter dated on or about March 8, 1934, from Mayor Glenn to Lilienthal.

COMPLAINANTS' EXHIBIT No. 1

Copy of telegram dated on or about March 10, 1934, from Lilienthal to Lee Glenn, Mayor of Florence, Ala.

Letter dated on or about March 11, 1934, from Mayor Glenn to Lilienthal, together with enclosure therein.

Copies of letters or telegrams dated on or about March 13, 1934, from TVA to PWA or Ickes requesting appointment or describing the then status of negotiations for purchase by City of Knoxville of facilities of Tennessee Public Service Company.

Copy of letter dated on or about March 19, 1934, from TVA (Lilienthal) to Mayor Glenn of Florence, Ala.

Copy of letter dated on or about March 22, 1934, from TVA or Lilienthal to PWA or Harold Ickes, re negotiations for purchase of properties of Tennessee Public Service Company in and about Knoxville.

Copy of letter or letters dated on or before March 27, 1934, from TVA or Lilienthal to the President of the United States or Federal Trade Commission, requesting that an examination be made of the books and records and capitalization of Tennessee Public Service Company.

Copy of letter dated on or about May 20, 1934, from Lilienthal to Mayor W. W. Ramsey of Russellville, Ala., stating that Russellville will be using Muscle Shoals power in the near future.

Copy of letter dated on or about May 21, 1934, from TVA to Federal Power Commission.

Telegram dated on or about June 19, 1934, from W. L. Farr, Mayor of Tuscumbia, Ala., to TVA or Lilienthal.

[fol. 1923] Copy of telegram dated on or about June 20, 1934, from Lilienthal to Mayor Farr, of Tuscumbia, and copies thereof mailed to the Mayors of Sheffield and Florence, Ala.

Telegram dated on or about June 21, 1934, from Mayor Lee Glenn of Florence, Ala., to Lilienthal.

Telegram dated on or about June 27, 1934, from A. H. Carmichael to Lilienthal.

Copy of telegram dated on or about July 10, 1934, from TVA (Lilienthal) to Mayor Glenn of Florence, Ala.

Letter dated on or about October 5, 1934, from PWA signed by Henry T. Hunt to TVA or Lilienthal in reference to applications for loans and grants or contracts with Bessemer and Tarrant City, Ala.

COMPLAINANTS' EXHIBIT No. 1

Copy of letter dated on or before October 15, 1934, from TVA (Lilienthal) to Mayor Overton of Memphis, relating to the possible purchase by TVA of Memphis Power & Light Company.

Letter dated on or about November 17, 1934, from PWA signed by Henry T. Hunt to TVA or Lilienthal relating to TVA option to purchase Alabama Power Company properties in Alabama towns and copy of the reply thereto dated on or about November 22, 1934.

Letter dated on or about December 21, 1934, from PWA signed by Henry T. Hunt to TVA or Lilienthal relating to Hartselle, Ala., and copy of reply thereto dated on or about December 28, 1934.

Copy of telegram from TVA dated between January 1 and January 15, 1935, to the Governor of Alabama, stating the terms and provisions of a proposed statute to be submitted to the legislature of Alabama.

Copy of circular letter dated on or about September 21, 1936 from TVA signed by B. S. Robinson entitled "Another Electrical Fair For Your Benefit".

Copy of letter dated on or about April 7, 1937, from E. W. Baughman, TVA Division Superintendent, to Mr. Wingo, Gibson County Agent.

Copy of letter dated on or about June 30, 1937, from Director H. A. Morgan to John N. Garner, President of the Senate.

Copy of letter dated on or about August 13, 1937, from Lilienthal to George R. Dempster, City Manager, Knoxville, Tenn.

Copy of letter dated on or about November 21, 1935, from the TVA Legal Department to Lenoir City in reference to assistance in defense of suit.

Copy of letter dated on or about February 21, 1936, from W. H. Halsey, Commercial Field Supervisor, to all cooperating dealers, distributors and wiring contractors.

[fol. 1924] Copy of letter dated on or about July 20, 1936, from TVA signed by J. M. Peavey, to K. T. Hutchinson, President, Middle Tennessee EMC.

Copy of letter dated August 27, 1937, from TVA to Tennessee PWA Administrator, probably Harry S. Berry or Kenneth Markwell, approving the plans of the City of Knoxville, Tenn., for an electric distribution system.

COMPLAINANTS' EXHIBIT No. 1

Copy of letter dated September 4, 1937, from Llewellyn Evans to the City Manager of the City of Knoxville, Tenn., (Dempster) approving the plans of said City for construction of an electric distribution system.

All letters and telegrams between TVA or any of its representatives and PWA or any of its representatives from and after July 1, 1933, relating to the applications of any of the cities or towns of Decatur, Sheffield, Tuscumbia, Courtland, Hartselle, Muscle Shoals, Russellville, Gunterville, Tarrant City, Bessemer and Florence, Alabama; Starkville, Okolona and Aberdeen, Mississippi; Knoxville, Memphis, Newbern, Paris, Somerville, Jackson, Fayetteville, Murfreesboro, Lenoir City, Lewisburg and Columbia, or Chattanooga, Tennessee, for federal loans and grants of funds from PWA for the construction of a municipal electric distribution system in any of said cities or towns.

All letters and telegrams between TVA or any of its representatives and PWA or any of its representatives from and after March 3, 1934, relating to negotiations for or attempts to purchase all or any part of the electric properties of Tennessee Public Service Company in and about Knoxville, Tenn., or the disposition to be made of the PWA allotment for the City of Knoxville for the construction of an electric distribution system.

All letters and telegrams between TVA or any of its representatives and National Power Policy Committee or any of its representatives or members, from July 9, 1934, to date.

All letters and telegrams between TVA or any of its representatives and Rural Electrification Administration or any of its representatives, from and after May 11, 1935, having to do with or discussing the organization, construction of lines, sale of electric energy to, or operating reports of any of the electric power cooperatives or electric membership associations in the states of Tennessee, Alabama, Mississippi, Georgia and Kentucky, or any of them.

A copy of all forms of letters, or other communications prepared by TVA or any of its representatives and delivered or sent to any of the county agents engaged in cooperative extension work in agriculture and home economics in the states of Tennessee, Alabama, Mississippi, Georgia and Kentucky, or any of them, having to

COMPLAINANTS' EXHIBIT No. 1

do with or discussing the generation, transmission, distribution, sale or marketing of electric energy or benefits of farm or rural electrification or the creation of a consumers demand therefor, and any and all replies thereto or reports or memoranda received from TVA from any of said county agents.

8. (Omitted.)

9. (Omitted.)

10. All surveys made by Tennessee Valley Authority or by any individual, corporation, association or agency, either public or private, and furnished to Tennessee Valley Authority of any of the customers of any of the complainants, together with any estimates relating thereto showing the consumer demand, cost of service to or revenues from said customers or any of them.

11. Books and records of Tennessee Valley Authority showing (a) the number of employees in the Department of Electricity as of October 1, 1937, and (b) the headquarters or offices of each of said employees as of October 1, 1937.

12. The books and records of Tennessee Valley Authority showing the payments to the States of Alabama and Tennessee on account of the sale of electric power generated at any of the dams of Tennessee Valley Authority for each of the years 1933 to date, except as such information is contained in the Annual Reports of Tennessee Valley Authority for the fiscal years ending June 30, 1934, June 30, 1935 and June 30, 1936, respectively.

13. The books and records of Tennessee Valley Authority showing the amount expended in promotional and advertising expenses for the development of electric energy and sale for each of the years 1933 to date.

14. Copy of the outgoing news dispatch or press release dated on or about September 7 or 8, 1937, containing a summary of the power generation and gross revenue for the fiscal year ending June 30, 1937.

15. The books and records of TVA showing the payment of a fee, salary or wages to Walter E. Meyer on or before

COMPLAINANTS' EXHIBIT No. 1

December 1934 and the payment of the purchase price of 50,000 copies of the December 1934 issue of the Journal of National Education Association containing an article by said Walter E. Meyer entitled "The Tennessee Valley Looks To The Future."

[fol. 1926] (16) A copy of the speech given by David E. Lilienthal on or about November 17, 1933, before the Civitan and Shrine Clubs of Knoxville, Tennessee, or a copy of the report thereof or the portions or excerpts therefrom released, sent or handed out to newspapers at or about said date as a press release or otherwise.

and fail not under penalty of law.

Witness the Honorable Judge of the United States District Court for the Eastern District of Tennessee, this — day of —, 1937. — — —, By — — —.

Let this writ issue. — — —, Judge.

[fol. 1927] COMPLAINANTS' EXHIBIT No. 2

Stipulation Respecting Incorporation and Domestication
of Complainant Companies

It is hereby stipulated and agreed by and between the parties hereto by their respective solicitors as follows:

1. That The Tennessee Electric Power Company is a public utility corporation organized and existing under the laws of the State of Maryland, is a citizen of said state, is duly qualified to carry on its business as a public utility in the States of Tennessee and Georgia, and is a resident of said states, having its principal office and place of business in the City of Chattanooga, Tennessee.

2. That Franklin Power & Light Company is a public utility corporation organized and existing under the laws of the State of Tennessee, is a resident and citizen of said state, duly authorized to carry on its business as a public utility therein, and has its principal office and place of business in the City of Franklin, Tennessee.

3. That Memphis Power & Light Company is a public utility corporation organized and existing under the laws of the State of New Jersey, is a citizen of said state, is

COMPLAINANTS' EXHIBIT No. 2

duly qualified to carry on its business as a public utility in the State of Tennessee, and is a resident of said state, having its principal office and place of business in the City of Memphis, Tennessee.

[fol. 1928] 4. That Southern Tennessee Power Company is a public utility corporation organized and existing under the laws of the State of Delaware, is a citizen of said state, is duly qualified to carry on its business as a public utility in the States of Alabama and Tennessee and is a resident of said states, having its principal office and place of business in the City of Chattanooga, Tennessee.

5. That Birmingham Electric Company is a public utility corporation organized and existing under the laws of the State of Alabama, is a citizen and resident of said state, duly authorized to carry on its business as a public utility therein and having its principal office and place of business in the City of Birmingham, Alabama.

6. That Mississippi Power Company is a public utility corporation organized and existing under the laws of the State of Maine, is a citizen of said state, is duly qualified to carry on its business as a public utility in the State of Mississippi, and is a resident of said state, having its principal office and place of business in the City of Gulfport, Mississippi.

7. That Appalachian Electric Power Company is a public utility corporation organized and existing under the laws of the State of Virginia, is a citizen of said state, is duly qualified to carry on its business as a public utility in the States of Virginia, Tennessee and West Virginia, is a resident of said states, having its office and place of business in the City of Roanoke, Virginia.

8. That Carolina Power & Light Company is a public utility corporation organized and existing under the laws of the State of North Carolina, is a citizen of said state, is duly qualified to carry on its business as a public utility in the States of North Carolina and South Carolina, and is a resident of said states, having its principal office and place of business in the City of Raleigh, North Carolina.

9. That Tennessee Public Service Company is a public utility corporation organized and existing under the laws

COMPLAINANTS' EXHIBIT No. 2

of the State of Maine, is a citizen of said state, is duly [fol. 1929] qualified to carry on its business as a public utility in the State of Tennessee, and is a resident of said state, having its principal office and place of business in the City of Knoxville, Tennessee.

10. That Holston River Electric Company is a public utility corporation organized and existing under the laws of the State of Tennessee, is a resident and citizen of said state, duly authorized to carry on its business as a public utility therein and having its principal office and place of business in the City of Knoxville, Tennessee.

11. That Alabama Power Company is a public utility corporation organized and existing under the laws of the State of Alabama, is a resident and citizen of said state, duly authorized to carry on its business as a public utility therein and having its principal office and place of business in the City of Attalla, Alabama.

12. That Kentucky & West Virginia Power Company, Inc., is a public utility corporation organized and existing under the laws of the State of Kentucky, is a resident and citizen of said state, duly authorized to carry on its business as a public utility therein and having its principal office and place of business in the City of Ashland, Kentucky.

13. That Kingsport Utilities, Incorporated, is a public utility corporation organized and existing under the laws of the State of Virginia, is a citizen of said state, is duly qualified to carry on its business as a public utility in the State of Tennessee, and is a resident of said state, having its principal office and place of business in the City of Kingsport, Tennessee.

14. That Kentucky-Tennessee Light & Power Co. is a public utility corporation organized and existing under the laws of the State of Kentucky, is a citizen of said state, is duly qualified to carry on its business as a public utility in said state and in the State of Tennessee, and is a resident of said states, having its principal office and place of business in the City of Bowling Green, Kentucky.

[fol. 1930] 15. That West Tennessee Power & Light Company is a public utility corporation organized and existing

COMPLAINANTS' EXHIBIT No. 2

under the laws of the State of Florida, is a citizen of said state, is duly qualified to carry on its business as a public utility in the State of Tennessee, and is a resident of said state, having its principal office and place of business in the City of Jackson, Tennessee.

16. That Mississippi Power & Light Company, is a public utility corporation organized and existing under the laws of the State of Florida, is a citizen of said state, is duly qualified to carry on its business as a public utility in the State of Mississippi, and is a resident of said state, having its principal office and place of business in the City of Jackson, Mississippi.

17. That East Tennessee Light & Power Company, is a public utility corporation organized and existing under the laws of the State of Virginia, is a citizen of said state, is duly qualified to carry on its business as a public utility in the States of Virginia, Tennessee and North Carolina, and is a resident of said states, having its principal office and place of business in the City of Bristol, Tennessee-Virginia.

18. That Tennessee Eastern Electric Company is a public utility corporation organized and existing under the laws of the State of Massachusetts, is a citizen of said state, is duly qualified to carry on its business as a public utility in the states of Virginia, Tennessee and North Carolina, and is a resident of said states, having its principal office and place of business in the City of Bristol, Tennessee-Virginia.

(Signed) Charles M. Seymour, Solicitor for Complainants. (Signed) John Lord O'Brian, Solicitor for Defendants.

[fol. 1931] COMPLAINANTS' EXHIBIT No. 3

Stipulation Respecting Franchises of Complainant Companies

It is hereby stipulated and agreed by and between the parties, by their respective solicitors, as follows:

1. That attached hereto and marked "Exhibit A" to this stipulation is a list designating, under the name of each of the complainant companies, certain counties and

COMPLAINANTS' EXHIBIT No. 3

incorporated towns and municipalities wherein each such company is now operating an electric power business and from which such company owns an existing franchise, license, or easement. Opposite each franchise is set out the year issued, the term thereof, and the name of the original grantee.

2. That each of such franchises, licenses, or easements owned by the respective complainants in the counties is by its language of one of the following three classes, and that each class includes some of the county franchises listed in "Exhibit A";

(a) Some purport to grant to the complainant claiming said franchise, license, or easement the right to occupy highways, streets, and alleys with poles, lines and other electrical facilities.

(b) Some purport to grant to the complainant claiming said franchise, license, or easement, for the purpose of engaging in the business of selling and distributing electricity, the right to occupy the highways, streets, and alleys, with poles, lines and other electrical facilities;

(c) Some purport to grant to the complainant claiming said franchise, license, or easement the right to occupy the highways, streets, and alleys, with poles, lines, and other electrical facilities, and to engage in the business of selling and distributing electricity.

[fol. 1932] 3. That each of such franchises, licenses, or easements owned by the respective complainants in the municipalities is by its language of one of the following three classes, and that each class includes some of the municipal franchises listed in "Exhibit A":

(a) Some purport to grant to the complainant claiming said franchise, license, or easement the right to occupy highways, streets, and alleys, with poles, lines and other electrical facilities;

(b) Some purport to grant to the complainant claiming said franchise, license, or easement for the purpose of engaging in the business of selling and distributing electricity, the right to occupy the highways, streets, and alleys, with poles, lines, and other electrical facilities;

COMPLAINANTS' EXHIBIT No. 3

(c) Some purport to grant to the complainant claiming said franchise, license, or easement the right to occupy the highways, streets, and alleys, with poles, lines, and other electrical facilities, and to engage in the business of selling and distributing electricity.

4. That attached hereto and marked "Exhibit B" to this stipulation is a list designating, under the name of each of the complainant companies, if any, wherein such company is now operating an electric power business and from which designated county or incorporated town or city the said company does not claim to now hold an existing or unexpired franchise.

5. Complainants and Defendants each hereby reserve their respective rights to offer evidence as to the breadth, scope and legal effect of any of the franchises, licenses, or easements enumerated in said "Exhibit A", hereto attached.

Complainants and defendants each hereby reserve their respective rights to offer evidence as to complainant's lawful right to continue to operate an electric power business in any of the localities enumerated in "Exhibit B", hereto attached.

6. That attached hereto and marked "Exhibit C" to this stipulation is a list of all pending suits in which any of the complainants herein are parties, involving in any way the validity, scope, or construction of any franchise claimed to be held by any one of the complainants herein, said list designating in each instance the names of the parties to the suit, the court wherein such case is pending, the name of the grantor, grantee, date and term of the franchise in [fol. 1933] question, and setting forth the contentions of the respective parties with reference thereto.

Each of the parties specifically reserves the right to object to the introduction of any of the facts stipulated above on the ground of relevancy or materiality.

Baker, Hostetler, Sidlo & Patterson, Frantz, McConnell & Seymour, Trabue, Hume & Armistead, by Charles M. Seymour, Solicitors for Complainants. James Lord O'Brian, Solicitors for Defendants.

COMPLAINANTS' EXHIBIT No. 3

[fol. 1934]

Memorandum of Franchises of the Tennessee Electric Power Company

A. County Franchises

Tennessee:

| County | Year Issued | Term | Original Grantee |
|----------------|-------------|-----------|---------------------------------------|
| 1. Anderson | 1923 | Unlimited | The Tennessee Electric Power Company. |
| 2. Bedford | 1926 | 30 yrs. | Southern Cities Power Co. |
| 3. Bledsoe | 1926 | 20 yrs. | Southern Cities Power Co. |
| 4. Blount | 1903 & 1904 | Unlimited | Rockford Electric Co. |
| 5. Bradley | 1911 | Unlimited | Eastern Tennessee Power Co. |
| 6. Campbell | 1924 | Unlimited | The Tennessee Electric Power Co. |
| 7. Cannon | 1926 | Unlimited | The Tennessee Electric Power Co. |
| 8. Carroll | 1930 | Unlimited | The Tennessee Electric Power Co. |
| 9. Cheatham | 1930 | Unlimited | The Tennessee Electric Power Co. |
| 10. Claiborne | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 11. Clay | 1929 | Unlimited | The Tennessee Electric Power Co. |
| 12. Coffee | 1928 | 25 yrs. | Southern Cities Power Co. |
| 13. Cumberland | 1923 | 30 yrs. | Cumberland Power Co. |
| 14. Davidson | 1924 | Unlimited | The Tennessee Electric Power Co. |
| 15. Decatur | 1925 | 30 yrs. | Southern Cities Power Co. |
| 16. Dekalb | 1923 | 30 yrs. | Cumberland Power Co. |
| 17. Dickson | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 18. Fentress | 1929 | Unlimited | The Tennessee Electric Power Co. |
| 19. Franklin | 1914 | Unlimited | Stone Fort Power Co. |
| 20. Giles | 1924 | 30 yrs. | Southern Cities Power Co. |
| 21. Grundy | 1926 | 30 yrs. | Southern Cities Power Co. |
| 22. Hamilton | 1905 | Unlimited | C. E. James & J. C. Guild |
| 23. Hamilton | 1909 | Unlimited | Chattanooga Electric Co. |
| 24. Hamilton | 1920 | Unlimited | Ooltewah Utilities Co. |
| 25. Hardin | 1925 | 30 yrs. | Southern Cities Power Co. |

[fol. 1935]

| | | | |
|---------------------------------|------|-----------|----------------------------------|
| 26. Henderson | 1925 | 30 yrs. | Southern Cities Power Co. |
| 27. Hickman | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 28. Houston | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 29. Humphreys | 1925 | 99 yrs. | Roy Carter, Trustee. |
| 30. Jackson | 1926 | Unlimited | The Tennessee Electric Power Co. |
| 31. Knox | 1911 | Unlimited | Eastern Tennessee Power Co. |
| 32. Lawrence | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 33. Lewis | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 34. Lincoln | 1925 | 30 yrs. | Southern Cities Power Co. |
| 35. Loudon | 1911 | Unlimited | Eastern Tennessee Power Co. |
| 36. McMinn | 1911 | Unlimited | Eastern Tennessee Power Co. |
| 37. McNairy | 1925 | 30 yrs. | Southern Cities Power Co. |
| 38. Macon | 1925 | Unlimited | Smith County Electric Co. |
| 39. Marion | 1913 | Unlimited | Tennessee Power Co. |
| 40. Marshall | 1924 | 30 yrs. | Public Light & Power Co. |
| 41. Maury | 1924 | 30 yrs. | Southern Cities Power Co. |
| 42. Monroe | 1937 | 20 yrs. | The Tennessee Electric Power Co. |
| 43. Moore | 1926 | 30 yrs. | Southern Cities Power Co. |
| 44. Morgan | 1924 | Unlimited | The Tennessee Electric Power Co. |
| 45. Overton | 1923 | 35 yrs. | Cumberland Power Co. |
| 46. Perry | 1925 | 30 yrs. | Southern Cities Power Co. |
| 47. Pickett | 1929 | Unlimited | The Tennessee Electric Power Co. |
| 48. Polk | 1911 | Unlimited | Eastern Tennessee Power Co. |
| 49. Putnam | 1923 | 30 yrs. | Cumberland Power Co. |
| (One side of county roads only) | | | |
| 50. Rhea | 1925 | 30 yrs. | Southern Cities Power Co. |
| 51. Roane | 1925 | 30 yrs. | Southern Cities Power Co. |

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of the Tennessee Electric Power Company—Continued

| County | Year Issued | Term | Original Grantee |
|---------------------|-------------|-----------|----------------------------------|
| 52. Robertson | 1924 | Unlimited | The Tennessee Electric Power Co. |
| Certain lines only. | | | |
| 53. Robertson | 1923 | Unlimited | Davidson Light & Power Co. |
| Certain lines only. | | | |
| 54. Rutherford | 1926 | Unlimited | Murfreesboro Light & Power Co. |
| 55. Scott | 1925 | Unlimited | The Tennessee Electric Power Co. |

[fol. 1936]

| | | | |
|--------------------|---------|-----------|-------------------------------------|
| 56. Sequatchie | 1925 | 20 yrs. | Sequatchie Valley Power & Light Co. |
| 57. Smith | 1925 | Unlimited | Smith County Electric Co. |
| 58. Stewart | 1926 | Unlimited | The Tennessee Electric Power Co. |
| Certain lines only | | | |
| 59. Sumner | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 60. Trousdale | 1925 | Unlimited | Smith County Electric Co. |
| 61. Van Buren | 1923 | 30 yrs. | Cumberland Power Co. |
| 62. Warren | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 63. Wayne | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 64. White | 1922-23 | Unlimited | Cumberland Power Co. |
| 65. Williamson | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 66. Wilson | 1925 | Unlimited | Smith County Electric Co. |
| Georgia: | | | |
| 67. Catoosa | 1916 | Unlimited | Chattanooga Railway & Light Co. |
| 68. Dade | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 69. Fannin | 1926 | Unlimited | Toccoa Electric Power Co. |
| 70. Walker | 1916 | Unlimited | Chattanooga Railway & Light Co. |

B. Municipal Franchises—

Tennessee:

| Municipality | Year Issued | Term | Original Grantee |
|-------------------|-------------|---|--------------------------------------|
| 1. Adamsville | 1926 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 2. Algood | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 3. Athens | 1923 | 20 yrs. | The Tennessee Electric Power Co. |
| 4. Baxter | 1927 | 20 yrs. | The Tennessee Electric Power Co. |
| 5. Bellbuckle | 1926 | 30 yrs. | Southern Cities Power Co. |
| 6. Benton | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 7. Bethel Springs | 1927 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 8. Carthage | 1916 | 25 yrs. | W. H. Eaves & Smith County Elec. Co. |
| 9. Celina | 1928 | 25 yrs. | Celina Electric Co. |
| 10. Centerville | 1925 | Unlimited | The Tennessee Electric Power Co. |

[fol. 1937]

| | | | |
|-----------------|------|---|---------------------------|
| 11. Chapel Hill | 1925 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 12. Charlotte | 1928 | 25 yrs. | Suburban Power Co. |
| 13. Chattanooga | 1882 | Unlimited | Brush Electric Light Co. |

COMPLAINANTS' EXHIBIT NO. 3

Memorandum of Franchises of the Tennessee Electric Power Company—Continued

| Municipality | Year Issued | Term | Original Grantee |
|--|-------------|---|--|
| 14. Chattanooga | 1887 | Unlimited | Hausa Electric Light & Power Co. |
| NOTE: Brush Electric Light Company and Hausa Electric Light & Power Company consolidated in 1888 to form the Chattanooga Electric Light Company. | | | |
| 15. Cleveland | 1929 | 20 yrs. | The Tennessee Electric Power Co. |
| (Naming all the streets in the city) | | | |
| 16. Clinton | 1925 | 25 yrs. | The Tennessee Electric Power Co. |
| 17. Coal Creek | 1924 | 20 yrs. | The Tennessee Electric Power Co. |
| 18. Columbia | 1888 | Unlimited | Columbia Electric Light & Power Co. |
| 19. Copperhill | 1926 & 1931 | Unlimited | Home Light and Power Co. and Toccoa Electric Power Co. |
| 20. Cornersville | 1909 | Unlimited | Lewisburg Light & Power Co. |
| 21. Cowan | 1927 | 30 yrs. with privilege of renewal for 20 yrs. | Public Light & Power Co. |
| 22. Crossville | 1925 | 20 yrs. | The Tennessee Electric Power Co. |
| 23. Cumberland City | 1926 | Unlimited | The Tennessee Electric Power Co. |
| 24. Decaturville | 1927 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 25. Decherd | 1932 | 15 yrs. | The Tennessee Electric Power Co. |
| 26. East Ridge | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 27. Englewood | 1922 | 20 yrs. | The Tennessee Electric Power Co. |
| 28. Erin | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 29. Fayetteville | 1925 | 20 yrs. | Fayetteville Electric Power & Light Co. |
| 30. Gainesboro | 1926 | Unlimited | The Tennessee Electric Power Co. |
| 31. Gordonsville | 1914 | 30 yrs. | F. A. Smith |
| 32. Grayville | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 33. Greenbrier | 1922 | 25 yrs. | Davidson Light & Power Co. |
| 34. Harriman | 1925 | 20 yrs. | The Tennessee Electric Power Co. |
| 35. Hartsville | 1916 | 25 yrs. | E. W. Rugg |
| 36. Hickman | 1925 | Unlimited | The Tennessee Electric Power Co. |
| [fol. 1938] | | | |
| 37. Hohenwald | 1925 | 40 yrs. | The Tennessee Electric Power Co. |
| 38. Jamestown | 1929 | 20 yrs. | The Tennessee Electric Power Co. |
| 39. Kingston | 1916 | 30 yrs. | Public Light & Power Co. |
| 40. LaFayette | 1924 | 30 yrs. | Smith County Electric Co. |
| 41. LaFollette | 1937 | 5 yrs. | The Tennessee Electric Power Co. |
| 42. Lenoir City | 1927 | 15 yrs. | The Tennessee Electric Power Co. |
| 43. Lewisburg | 1908 | Unlimited | Lewisburg Power & Light Co. |
| 44. Lexington | 1930 | 25 yrs. | The Tennessee Electric Power Co. |
| 45. Linden | 1925 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 46. Livingston | 1916 | 25 yrs. | S. O. Kennedy |
| 47. Loudon | 1927 | 15 yrs. | The Tennessee Electric Power Co. |
| 48. Lynchburg | 1926 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 49. Lynnville | 1919 | 20 yrs. | A. B. Sanders |
| 50. Madisonville | 1935 | 5 yrs. | The Tennessee Electric Power Co. |
| 51. Manchester | 1927 | 30 yrs. | Southern Cities Power Co. |

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of the Tennessee Electric Power Company—Continued

| Municipality | Year Issued | Term | Original Grantee |
|---|-------------|---|---|
| 52. McEwen | 1925 | 25 yrs. | The Tennessee Electric Power Co. |
| 53. McMinnville | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 54. Monterey | 1925 | 20 yrs. | The Tennessee Electric Power Co. |
| 55. Morrison | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 56. Murfreesboro | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 57. Nashville | 1893 | Unlimited | Cumberland Electric Light & Power Co. |
| 58. Niota | 1927 | 20 yrs. | The Tennessee Electric Power Co. |
| 59. Oakdale | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 60. Oliver Springs | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 61. Oneida | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 62. Parsons | 1927 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 63. Petersburg (Applies to only certain streets) | 1925 | 20 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| [fol. 1939] | | | |
| Pikeville | 1926 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 65. Pleasant Hill | 1929 | 20 yrs. | The Tennessee Electric Power Co. |
| 66. Richard City | 1924 | Unlimited | The Tennessee Electric Power Co. |
| 67. Rockwood | 1914 | Unlimited | Rhea County Electric Light Co. |
| 68. Savannah | 1925 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 69. Scotts Hill | 1935 | 20 yrs. | The Tennessee Electric Power Co. |
| 70. Selmer | 1926 | 20 yrs. | Southern Cities Power Co. |
| 71. Shelbyville | 1915 | 30 yrs. | Tennessee Valley Light & Power Co. |
| 72. Smithville | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 73. Smyrna | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 74. South Pittsburg | 1907 & 1914 | Unlimited | D. A. Tate & South Pittsburgh Light Co. |
| 75. Sparta | 1922 | 20 yrs. | A. J. Dyer & Cumberland Power Co. |
| 76. Spring Hill | 1923 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 77. Sweetwater | 1911 | Unlimited | Eastern Tennessee Power Co. |
| 78. Tellico Plains | 1923 | 20 yrs. | The Tennessee Electric Power Co. |
| 79. Viola | 1926 | 30 yrs. with privilege of renewal for 20 yrs. | Southern Cities Power Co. |
| 80. Wartrace | 1931 | 15 yrs. | The Tennessee Electric Power Co. |
| 81. Watertown | 1934 | 5 yrs. | The Tennessee Electric Power Co. |
| 82. Waverly | 1925 | 50 yrs. | The Tennessee Electric Power Co. |
| 83. Westmoreland | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 84. White Bluff | 1927 | Unlimited | The Tennessee Electric Power Co. |
| 85. White House | 1925 | Unlimited | The Tennessee Electric Power Co. |
| 86. Winchester | 1914 | 30 yrs. | Tennessee Valley Light & Power Co. |

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of the Tennessee Electric Power Company—Continued

| Municipality | Year Issued | Term | Original Grantee |
|-------------------|-------------|-----------|----------------------------------|
| 87. Woodbury | 1926 | Unlimited | The Tennessee Electric Power Co. |
| [fol. 1940] | | | |
| Georgia | | | |
| 88. Blue Ridge | 1927 | 20 yrs. | Toccoa Electric Power Co. |
| 89. Mineral Bluff | 1926 | Unlimited | Toccoa Electric Power Co. |
| 90. Morganton | 1926 | Unlimited | Toccoa Electric Power Co. |
| 91. McCalysville | 1925 | 20 yrs. | Toccoa Power Co. |

[fol. 1941]

Memorandum of Franchises of Franklin Power & Light Company

A. County Franchises—Tennessee:

| County | Date Issued | Term | Original Grantee |
|---------------|-------------|-----------|--------------------------------|
| 1. Williamson | 10- 7-29 | Unlimited | Franklin Power & Light Company |

B. Municipal Franchises—Tennessee:

| Municipality | Date Issued | Term | Original Grantee |
|---|-------------|-------------------------|--------------------------------|
| 2. Franklin | 6-24-29 | 10 years from 8-4-29 | Franklin Power & Light Company |
| 3. Franklin (Amends Ordinance of 6-24-29) | 9-26-29 | 10 years from 8-4-29 | Franklin Power & Light Company |
| 4. Franklin (Amends Ordinance of 6-24-29) | 3- 7-34 | 20 years from 8-4-29 | Franklin Power & Light Company |

[fol. 1942]

Memorandum of Franchises of Memphis Power & Light Company

Municipal Franchises—State of Tennessee:

| Municipality | Year Issued | Term | Original Grantees, Its Successors and Assigns |
|-----------------|-------------|----------|--|
| 1. Arlington | 1925 | 30 Years | Memphis Power & Light Co. |
| 2. Bartlett | 1925 | 30 Years | Memphis Power & Light Co. |
| 3. Collierville | 1925 | 30 Years | Memphis Power & Light Co. |
| 4. Germantown | 1927 | 30 Years | Memphis Power & Light Co. |
| 5. Memphis | 1922 | 30 Years | Memphis Power & Light Co. |
| 6. Millington | 1925 | 30 Years | Memphis Power & Light Co. |

COMPLAINANTS' EXHIBIT No. 3

[fol. 1943]

Memorandum of Franchises of Birmingham Electric Company

County Franchises—Alabama:

| County | Date Issued | Term | Original Grantee |
|--------------|-------------|-----------|---|
| 1. Jefferson | 7-30-12 | Unlimited | Birmingham Railway, Light & Power Company |

Municipal Franchises—Alabama:

| Municipality | Date Issued | Term | Original Grantee |
|------------------|-------------|-----------|---|
| 2. Bessemer | 4-15-90 | Unlimited | Bessemer Electric Company |
| 3. Bessemer | 11-12-01 | Unlimited | Birmingham Railway, Light & Power Company |
| 4. Birmingham | 6-19-01 | Unlimited | Birmingham Railway, Light & Power Company |
| 5. Brighton | 1- 5-06 | Unlimited | Birmingham Railway, Light & Power Company |
| 6. Fairfield | 1-21-29 | 30 years | Birmingham Electric Company |
| 7. Irondale | 7- 1-24 | 30 years | Birmingham Electric Company |
| 8. Jonesboro | 8-21-06 | Unlimited | Birmingham Railway, Light & Power Company |
| 9. Lipscomb | 7-18-12 | Unlimited | Birmingham Railway, Light & Power Company |
| 10. Tarrant City | 8-19-21 | Unlimited | Birmingham Railway, Light & Power Company |

[fol. 1944]

Memorandum of Franchises of Mississippi Power Company

Municipal Franchises—State of Mississippi:

| Municipality | Year Issued | Term | Original Grantee, Its Successors and Assigns |
|------------------|-------------|----------|--|
| 1. Aberdeen | 1926 | 25 years | Mississippi Power Company |
| 2. Ackerman | 1925 | 25 years | Mississippi Power Company |
| 3. Artesia | 1930 | 25 years | Mississippi Power Company |
| 4. Bay Springs | 1926 | 25 years | City State Investment Co. |
| 5. Ballefontaine | 1930 | 25 years | Mississippi Power Company |
| 6. Brooksville | 1926 | 25 years | Mississippi Power Company |
| 7. Calhoun City | 1930 | 25 years | Mississippi Power Company |
| 8. Chunky | 1931 | 25 years | Mississippi Power Company |
| 9. Columbus | 1902 | 99 years | Columbus Light & Power Co. |
| 10. Crawford | 1926 | 25 years | Mississippi Power Company |
| 11. Decatur | 1930 | 25 years | Mississippi Power Company |
| 12. DeKalb | 1930 | 25 years | Mississippi Power Company |
| 13. Derma | 1930 | 25 years | Mississippi Power Company |
| 14. DeSoto | 1928 | 25 years | Mississippi Power Company |
| 15. Ellisville | 1924 | 25 years | Laurel Light & Railway Co. |
| 16. Enterprise | 1926 | 25 years | Mississippi Power Company |
| 17. Eupora | 1930 | 25 years | Mississippi Power Company |
| 18. Forest | 1926 | 25 years | General Utilities Company |
| 19. French Camps | 1930 | 25 years | Mississippi Power Company |
| 20. Heidelberg | 1927 | 25 years | Mississippi Power Company |
| 21. Hickory | 1930 | 25 years | Mississippi Power Company |
| 22. Houston | 1925 | 25 years | Mississippi Power Company |
| 23. Lake | 1930 | 25 years | Mississippi Power Company |

[fol. 1945]

| | | | |
|--------------|------|----------|----------------------------|
| 24. Laurel | 1924 | 25 years | Laurel Light & Railway Co. |
| 25. Lena | 1931 | 25 years | Mississippi Power Company |
| 26. Longview | 1929 | 25 years | Mississippi Power Company |

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of Mississippi Power Company—Continued

| Municipality | Year Issued | Term | Original Grantee, Its Successors and Assigns |
|-------------------|-------------|----------|---|
| 27. Louin | 1930 | 25 years | Mississippi Power Company |
| 28. Louisville | 1925 | 25 years | Mississippi Power Company |
| 29. Mabon | 1930 | 25 years | Mississippi Power Company |
| 30. Macon | 1929 | 25 years | Mississippi Power Company |
| 31. Mathiston | 1930 | 25 years | Mississippi Power Company |
| 32. Meridian | 1900 | 50 years | Meridian Street Railway & Power Co. |
| 33. Montrose | 1928 | 25 years | Mississippi Utilities Company |
| 34. Moselle | 1928 | 25 years | Mississippi Power Company |
| 35. New Houlika | 1930 | 25 years | Mississippi Power Company |
| 36. Newton | 1927 | 25 years | Inland Utilities Company |
| 37. Noxapater | 1927 | 25 years | Mississippi Power Company |
| 38. Pachuta | 1930 | 25 years | Mississippi Power Company |
| 39. Pheba | 1930 | 25 years | Mississippi Power Company |
| 40. Philadelphia | 1925 | 25 years | Mississippi Power Company |
| 41. Prairie | 1927 | 25 years | Mississippi Power Company |
| 42. Quitman | 1930 | 25 years | Mississippi Utilities Company |
| 43. Sandersville | 1927 | 25 years | Mississippi Power Company |
| 44. Scooba | 1930 | 25 years | Mississippi Power Company |
| 45. Seminary | 1930 | 25 years | Mississippi Power Company |
| 46. Shubuta | 1927 | 25 years | Mississippi Power Company |
| 47. Shuqualak | 1930 | 25 years | Mississippi Power Company |
| 48. Slate Springs | 1928 | 25 years | Mississippi Power Company |
| 49. Soso | 1928 | 25 years | Mississippi Power Company |
| 50. Starkville | 1925 | 25 years | Mississippi Power Company |
| 51. Sturgis | 1926 | 25 years | Mississippi Power Company |
| [fol. 1946] | | | |
| 52. Taylorsville | 1930 | 25 years | Mississippi Power Company |
| 53. Union | 1928 | 25 years | Inland Utilities Company |
| 54. Vardeman | 1930 | 25 years | Mississippi Power Company |
| 55. Walnut Grove | 1930 | 25 years | Mississippi Power Company |
| 56. Walthall | 1930 | 25 years | Mississippi Power Company |
| 57. Waynesboro | 1927 | 25 years | Robert Golden |
| 58. Weir | 1928 | 25 years | Mississippi Power Company |
| 59. West Point | 1924 | 25 years | Mississippi Power & Light Company |

[fol. 1947]

Memorandum of Franchises of Appalachian Electric Power Company

A. County Franchises—Virginia:

| County | Date Issued | Term | Original Grantee |
|--------------|---------------|-----------|---------------------------|
| 1. Bedford | Feb. 25, 1924 | Unlimited | Roanoke Ry. & Elec. Co. |
| 2. Bland | Apr. 22, 1912 | " | Appalachian Power Co. |
| 3. Botetourt | Feb. 11, 1924 | " | Roanoke Ry. & Elec. Co. |
| 4. Buchanan | Nov. 12, 1923 | " | Appalachian Power Co. |
| 5. Carroll | Apr. 13, 1912 | " | " |
| 6. Craig | Jan. 7, 1929 | " | Appalachian Elec. Pr. Co. |
| 7. Dickenson | Mar. 10, 1931 | " | " " " " |
| 8. Floyd | Jan. 14, 1936 | " | " " " " |
| 9. Franklin | Jan. 20, 1930 | " | " " " " |
| 10. Giles | *June 6, 1922 | " | Appalachian Power Co. |
| 11. " | *Apr. 3, 1923 | " | " " " " |
| 12. Grayson | June 17, 1912 | " | " " " " |

* Franchises thus indicated apply to a portion only of the county or municipality, being limited to described roads, streets, routes or districts.

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of Appalachian Electric Power Company—Continued

| County | Date Issued | Term | Original Grantee |
|------------------|----------------|-----------|--|
| 13. Henry | Feb. 23, 1925 | Unlimited | Appalachian Power Co. |
| 14. Montgomery | Mar. 26, 1912 | " | " " " |
| 15. " | May 27, 1913 | " | " " " |
| 16. Pittsylvania | *May 4, 1925 | " | New River Development Co. |
| 17. Pulaski | *Nov. 18, 1911 | " | Appalachian Power Co. |
| 18. " | *Aug. 17, 1912 | " | " " " |
| 19. " | *Nov. 15, 1913 | " | " " " |
| 20. Roanoke | Mar. 16, 1925 | " | Central Va. Power Co. |
| 21. Russell | Jan. 2, 1917 | " | Appalachian Power Co. |
| 22. Smyth | June 17, 1912 | " | " " " |
| 23. Tazewell | Dec. 11, 1911 | " | " " " |
| 24. Wythe | *Dec. 4, 1911 | " | " " " |
| 25. " | *Mar. 2, 1914 | " | D. N. & L. G. Phillippi, doing business as Rural Retreat Lt. Co. |
| 26. " | *Aug. 8, 1916 | " | Appalachian Power Co. |
| 27. " | *June 3, 1918 | " | " " " |
| 28. " | *July 1, 1918 | " | " " " |
| [fol. 1948] | | | |
| 29. " | *Nov. 1, 1920 | " | " " " |
| 30. " | *Mar. 7, 1921 | " | " " " |
| 31. " | *Apr. 4, 1921 | " | " " " |
| 32. " | *Nov. 7, 1923 | " | Rural Retreat Pr. Co. & Trans- feree Appalachian Power Co. |

B. Municipal Franchises—Virginia:

| Municipality | Date Issued | Term | Original Grantee |
|-------------------|----------------|----------|---------------------------|
| 1. Bluefield | Apr. 16, 1934 | 15 years | Appalachian Elec. Pr. Co. |
| 2. Boone Mill | Mar. 26, 1929 | 30 " | " " " |
| 3. Cambria | July 7, 1914 | 30 " | Appalachian Power Co. |
| 4. Cedar Bluff | Nov. 27, 1928 | 30 " | Appalachian Elec. Pr. Co. |
| 5. Chilhowie | Apr. 16, 1917 | 30 " | Chilhowie Lt. & Pr. Co. |
| 6. Christiansburg | Mar. 11, 1913 | 30 " | Appalachian Power Co. |
| 7. Clintwood | Feb. 5, 1917 | 30 " | Clintwood Lt. & Pr. Co. |
| 8. Dublin | Nov. 27, 1912 | 30 " | Appalachian Power Co. |
| 9. Fincastle | Sept. 24, 1925 | 30 " | Roanoke Ry. & Elec. Co. |
| 10. Floyd | Feb. 26, 1937 | 30 " | Appalachian Elec. Pr. Co. |
| 11. Fries | Nov. 9, 1936 | 30 " | " " " |
| 12. Galax | Apr. 27, 1912 | 30 " | Appalachian Power Co. |
| 13. Gate City | Jan. 20, 1930 | 30 " | Appalachian Elec. Pr. Co. |
| 14. Grundy | Dec. 10, 1936 | 30 " | " " " |
| 15. Honaker | Oct. 7, 1935 | 30 " | " " " |
| 16. Independence | July 6, 1931 | 30 " | " " " |
| 17. Lebanon | Mar. 5, 1917 | 30 " | Lebanon Light Co. |
| 18. Marion | Apr. 22, 1912 | 30 " | Appalachian Power Co. |
| 19. Narrows | May 14, 1937 | 30 " | Appalachian Elec. Pr. Co. |
| 20. New Castle | Dec. 4, 1928 | 30 " | " " " |
| 21. No. Tazewell | Nov. 29, 1929 | 30 " | " " " |
| 22. Pearisburg | Feb. 20, 1915 | 30 " | A. A. Miller |
| 23. Pocahontas | June 14, 1932 | 30 " | Appalachian Elec. Pr. Co. |

[fol. 1949]

| | | | |
|---------------|----------------|------------|---------------------------|
| 24. Pulaski | Mar. 27, 1911 | 30 years | New River Development Co. |
| 25. Richlands | *Mar. 10, 1927 | yr. to yr. | Appalachian Elec. Pr. Co. |

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COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of Appalachian Electric Power Company—
Franchises—Virginia—Continued

| Municipality | Date Issued | Term | Original Grantee |
|-------------------|---------------|-----------|------------------------------|
| 26. Ridgeway | June 18, 1930 | 30 years | Appalachian Elec. Pr. Co. |
| 27. Roanoke | Mar. 15, 1889 | Unlimited | Roanoke Elec. Lt. & Pr. Co. |
| 28. Rocky Mount | May 10, 1937 | 30 years | Appalachian Elec. Pr. Co. |
| 29. Rural Retreat | Aug. 6, 1925 | 30 " | Appalachian Power Co. |
| 30. Salem | Aug. 18, 1916 | 30 " | Roanoke Ry. & Elec. Co. |
| 31. Saltville | Dec. 15, 1930 | 30 " | Saltville Elec. Co. |
| 32. Tazewell | Oct. 3, 1924 | 25 " | Tazewell Elec. Lt. & Pr. Co. |
| 33. Vinton | Apr. 30, 1910 | 30 " | Roanoke Ry. & Elec. Co. |
| 34. Wytheville | Feb. 26, 1924 | 30 " | Appalachian Power Co. |

C. County Franchises—West Virginia:

| County | Date Issued | Term | Original Grantee |
|---------------|---------------|----------|--------------------------------|
| 1. Boone | Aug. 1, 1932 | 50 years | Appalachian Elec. Pr. Co. |
| 2. Cabell | Mar. 23, 1921 | 50 " | Consolidated Lt. Ht. & Pr. Co. |
| 3. Fayette | Oct. 8, 1930 | 50 " | Appalachian Elec. Pr. Co. |
| 4. Greenbrier | *Mar. 5, 1929 | 50 " | " " " " |
| 5. " | *May 7, 1929 | 50 " | " " " " |
| 6. " | *Mar. 1, 1932 | 50 " | " " " " |
| 7. Jackson | Jan. 9, 1922 | 50 " | Clare Hood |
| 8. Kanawha | Feb. 18, 1924 | 50 " | Kanawha Valley Power Co. |
| 9. Logan | Feb. 3, 1932 | 50 " | Appalachian Elec. Pr. Co. |
| 10. Mason | Oct. 18, 1924 | 50 " | Interstate Power Co. |
| 11. Mercer | Nov. 18, 1911 | 50 " | Appalachian Power Co. |
| 12. Mingo | July 5, 1922 | 50 " | Williamson Electric Co. |
| 13. Nicholas | June 6, 1932 | 50 " | Appalachian Elec. Pr. Co. |
| 14. Putnam | Oct. 7, 1924 | 50 " | Kanawha Valley Pr. Co. |
| 15. Raleigh | May 1, 1928 | 50 " | Appalachian Elec. Pr. Co. |
| 16. Wayne | Sept. 2, 1929 | 50 " | " " " " |

[fol. 1950]

Municipal Franchises—West Virginia:

| Municipality | Date Issued | Term | Original Grantee |
|----------------------------------|----------------|----------|----------------------------|
| 1. Ansted | Dec. 1, 1930 | 50 years | Appalachian Elec. Pr. Co. |
| 2. Athens | Nov. 14, 1916 | 40 " | John Evans |
| 3. Barboursville | July 14, 1924 | 50 " | Consolidated Pr. & Lt. Co. |
| 4. Beckley | Dec. 3, 1904 | 50 " | Beckley El. Lt. & Pr. Co. |
| 5. Bluefield | Apr. 16, 1906 | 47 " | Bluestone Traction Co. |
| 6. Bramwell | July 27, 1914 | 30 " | Appalachian Power Co. |
| 7. Buffalo | June 11, 1928 | 50 " | Appalachian Elec. Pr. Co. |
| 8. Cedar Grove | Aug. 16, 1927 | 50 " | " " " " |
| 9. Ceredo | Sept. 14, 1936 | 10 " | " " " " |
| 10. Charleston | Feb. 17, 1905 | 40 " | Kanawha Water & Lt. Co. |
| 11. Clendenin | July 3, 1924 | 50 " | W. Va. Water & Elec. Co. |
| 12. Danville | May 20, 1922 | 50 " | Ky. & W. Va. Pr. Co. |
| 13. Dunbar | Feb. 6, 1922 | 50 " | Dunbar Land Company |
| 14. East Bank | July 8, 1924 | 50 " | Montgomery Utilities Co. |
| 15. Fayetteville | June 16, 1909 | 50 " | R. H. Dickinson |
| 16. Gilbert | Jan. 29, 1926 | 50 " | Ky. & W. Va. Pr. Co. |
| 17. Glasgow | June 14, 1927 | 50 " | Appalachian Elec. Pr. Co. |
| 18. Huntington | Feb. 1, 1909 | 50 " | Consolidated Lt. & Ry. Co. |
| 19. Central City (Huntington) | Nov. 22, 1905 | 40 " | " " " " |
| 20. Kenova | May 18, 1912 | 30 " | " Lt. Ht. & Pr. Co. |
| 21. Kermit | Apr. 17, 1923 | 50 " | Ky. & W. Va. Pr. Co. |

* Franchises thus indicated apply to a portion only of the county or municipality, being limited to described roads, streets, routes or districts.

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of Appalachian Electric Power Company—Continued

| Municipality | Date Issued | Term | Original Grantee |
|--------------|---------------|------|-----------------------------|
| 22. Keystone | June 12, 1913 | 30 " | Appalachian Power Co. |
| 23. Leon | June 12, 1928 | 50 " | Appalachian Elec. Pr. Co. |
| 24. Lester | Oct. 17, 1927 | 50 " | |
| 25. Logan | Feb. 20, 1911 | 50 " | Logan Electric Co. |
| 26. Mabscott | Dec. 9, 1929 | 50 " | Consumers Domestic Ser. Co. |
| 27. Madison | Mar. 25, 1922 | 50 " | Ky. & W. Va. Pr. Co. |
| 28. Man | Oct. 28, 1921 | 50 " | Man Power & Lt. Co. |
| 29. Marinet | Aug. 5, 1924 | 50 " | W. Va. Water & Elec. Co. |
| 30. Matewan | Nov. 15, 1911 | 50 " | G. T. Blankenship |

[fol. 1951]

| | | | |
|--------------------|----------------|----------|-----------------------------|
| 31. Matoaka | Jan. 21, 1911 | 50 years | Matoaka Elec. Pr. Co. |
| 32. Meadow Bridge | May 5, 1930 | 50 " | Appalachian Elec. Pr. Co. |
| 33. Milton | Sept. 30, 1924 | 50 " | Consolidated Pr. & Lt. Co. |
| 34. Montgomery | Jan. 30, 1914 | 50 " | Montgomery Utilities Co. |
| 35. Mt. Hope | Oct. 11, 1920 | 50 " | Sugar Cr. Coal & Coke Co. |
| 36. Oak Hill | July 5, 1909 | 50 " | J. P. Staton |
| 37. Oakvale | Jan. 7, 1929 | 30 " | Appalachian Elec. Pr. Co. |
| 38. Peterstown | Jan. 24, 1931 | 50 " | Rich Cr.-Peterstown Pr. Co. |
| 39. Pineville | July 7, 1925 | 50 " | Pineville Power Co. |
| 40. Pratt | Apr. 17, 1924 | 50 " | Montgomery Utilities Co. |
| 41. Princeton | Feb. 12, 1907 | 50 " | A. M. Sutton |
| 42. Ripley | Mar. 2, 1937 | 40 " | Appalachian Elec. Pr. Co. |
| 43. So. Charleston | Apr. 14, 1919 | 25 " | So. Charleston Util. Co. |
| 44. St. Albans | July 6, 1936 | 20 " | Appalachian Elec. Pr. Co. |
| 45. Thurmond | Apr. 9, 1929 | 50 " | " " " " |
| 46. Wayne | Dec. 3, 1928 | 50 " | " " " " |
| 47. Welch | Apr. 7, 1902 | 50 " | D. J. Howell |
| 48. Whitesville | Feb. 2, 1928 | 50 " | Appalachian Elec. Pr. Co. |
| 49. Winfield | Oct. 6, 1924 | 50 " | Kanawha Valley Pr. Co. |
| 50. Williamson | Oct. 5, 1903 | 50 " | Mingo Light & Ice Co. |

[fol. 1952]

Memorandum of Franchises of Carolina Power & Light Company

A. Municipal Franchises in the Company's Western Division:

| Municipality | Year Issued | Term | Original Grantee Its Successors and Assigns |
|--|-------------|------------------------------------|--|
| 1. West Asheville, N. C. | 1917 | 60 years | Asheville Power & Light Co. |
| 2. Asheville, N. C. | 1892 | Unlimited | West Asheville Improvement Co. |
| 3. Asheville, N. C. | 1899 | 30 years | North Carolina Electrical Power Co. |
| 4. Asheville, N. C. (Amending 1899 franchise) | 1911 | 30 years (from October 1, 1911) | |
| 5. Biltmore Forest, N. C. | 1936 | 60 years | Carolina Power & Light Company |
| 6. Black Mountain, N. C. | 1924 | 60 years | Frank Silliman, Jr. |
| 7. Canton, N. C. | 1924 | 60 years | Frank Silliman, Jr. |
| 8. Clyde, N. C. | 1924 | 60 years | Frank Silliman, Jr. |
| 9. Hazlewood, N. C. | 1926 | 60 years | Carolina Power & Light Company |
| 10. Hot Springs, N. C. | 1926 | 60 years | Carolina Power & Light Company |
| 11. Kenilworth, N. C. | 1917 | 60 years | Asheville Power & Light Company |
| 12. Marshall, N. C. | 1910 | 30 years | North Carolina Electrical Power Co. |
| 13. Spruce Pine, N. C. | 1926 | 60 years | Carolina Power & Light Company |
| 14. Weaverville, N. C. | 1925 | 60 years | North Carolina Electrical Power Co. |

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of Carolina Power & Light Company—Continued

B. Municipal Franchises in Company's Eastern Division:

| Municipality | Year Issued | Term | Original Grantee Its Successors and Assigns |
|--------------------------|-------------|----------|--|
| 15. Aberdeen, N. C. | 1924 | 60 years | Carolina Power Company |
| 16. Ansonville, N. C. | 1928 | 60 years | Carolina Power & Light Company |
| 17. Asheboro, N. C. | 1924 | 60 years | Carolina Power Company |
| 18. Bennettsville, S. C. | 1930 | 30 years | Carolina Power & Light Company |
| 19. Bethune, S. C. | 1927 | 60 years | Carolina Power & Light Company |
| 20. Biscoe, N. C. | 1924 | 60 years | Carolina Power Company |
| 21. Bishopville, S. C. | 1919 | 60 years | Palmetto Power & Light Company |
| 22. Blaney, S. C. | 1927 | 60 years | Carolina Power & Light Company |
| 23. Bonlee, N. C. | 1924 | 60 years | Carolina Power Company |
| 24. Camden, S. C. | 1922 | 60 years | Palmetto Power & Light Company |
| 25. Candor, N. C. | 1924 | 60 years | Carolina Power Company |
| 26. Carthage, N. C. | 1924 | 60 years | Carolina Power Company |
| 27. Cheraw, S. C. | 1912 | 60 years | Yadkin River Power Company |
| 28. Chesterfield, S. C. | 1925 | 60 years | Yadkin River Power Company |
| 29. Chio, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| [fol. 1953] | | | |
| 30. Darlington, S. C. | 1916 | 60 years | Carolina Central Electric Company |
| 31. Dovesville, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| 32. Ellerbe, N. C. | 1924 | 60 years | Carolina Power Company |
| 33. Elliott, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| 34. Florence, S. C. | 1912 | 60 years | Florence Electric & Utility Co. |
| 35. Franklinville, N. C. | 1924 | 60 years | Carolina Power Company |
| 36. Gibson, N. C. | 1930 | 60 years | Carolina Power & Light Company |
| 37. Hamlet, N. C. | 1911 | 60 years | Yadkin River Power Company |
| 38. Hartsville, S. C. | 1920 | 60 years | Palmetto Power & Light Company |
| 39. Hemp, N. C. | 1935 | 60 years | Carolina Power & Light Company |
| 40. Hoffman, N. C. | 1928 | 60 years | Carolina Power & Light Company |
| 41. Jefferson, S. C. | 1925 | 60 years | Yadkin River Power Company |
| 42. LaMar, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| 43. Laurinburg, N. C. | 1925 | 60 years | Yadkin River Power Company |
| 44. Liberty, N. C. | 1924 | 60 years | Carolina Power Company |
| 45. Lilesville, N. C. | 1925 | 60 years | Yadkin River Power Company |
| 46. Lynchburg, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| 47. Manning, S. C. | 1927 | 60 years | Carolina Power & Light Company |
| 48. Mayesville, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| 49. McBee, S. C. | 1927 | 60 years | Carolina Power & Light Company |
| 50. McColl, S. C. | 1921 | 60 years | Palmetto Power & Light Company |
| 51. Morven, N. C. | 1924 | 60 years | Yadkin River Power Company |
| 52. Mount Croghan, S. C. | 1925 | 60 years | Yadkin River Power Company |
| 53. Mount Gilead, N. C. | 1924 | 60 years | Carolina Power Company |
| 54. Olanta, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| 55. Pageland, S. C. | 1925 | 60 years | Yadkin River Power Company |
| 56. Paxville, S. C. | 1929 | 60 years | Carolina Power & Light Company |
| 57. Peachland, N. C. | 1927 | 60 years | Carolina Power & Light Company |
| 58. Pine Bluff, N. C. | 1924 | 60 years | Carolina Power Company |
| 59. Pinewood, S. C. | 1929 | 60 years | Carolina Power & Light Company |
| 60. Polkton, N. C. | 1927 | 60 years | Carolina Power & Light Company |
| 61. Ramseur, N. C. | 1924 | 60 years | Carolina Power Company |
| 62. Rockingham, N. C. | 1911 | 60 years | Yadkin River Power Company |
| 63. Ruby, S. C. | 1925 | 60 years | Yadkin River Power Company |
| 64. Seagrove, N. C. | 1927 | 60 years | Carolina Power & Light Company |
| 65. Siler City, N. C. | 1924 | 60 years | Carolina Power Company |

[fol. 1954]

| | | | |
|---------------------------|------|----------|--------------------------------|
| 66. Society Hill, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| 67. Southern Pines, N. C. | 1924 | 60 years | Carolina Power Company |

COMPLAINANTS' EXHIBIT NO. 3

Memorandum of Franchises of Carolina Power & Light Company—Continued

| Municipality | Year Issued | Term | Original Grantee Its Successors and Assigns |
|-------------------------|----------------|--------------------|--|
| 68. Staley, N. C. | 1924 | 60 years | Carolina Power Company |
| 69. Star, N. C. | 1924 | 60 years | Carolina Power Company |
| 70. Summerton, S. C. | 1927 | 60 years | Carolina Power & Light Company |
| 71. Sumter, S. C. | 1926 | 60 years | Carolina Power & Light Company |
| 72. Tatum, S. C. | 1925 | 60 years | Yadkin River Power Company |
| 73. Timmonsville, S. C. | 1916 | 60 years | Carolina Central Electric Company |
| 74. Troy, N. C. | 1924 | 60 years | Carolina Power Company |
| 75. Wadesboro, N. C. | 1912 | 60 years | Yadkin River Power Company |
| 76. Patrick, S. C. | 1937 | Indeter- minate | Carolina Power & Light Company |
| 77. Turbeville, S. C. | 1935 | Indeter- minate | Carolina Power & Light Company |

[fol. 1955]

Memorandum of Franchises of Tennessee Public Service Company

A. County Franchises—State of Tennessee:

| County | Year Issued | Term | Original Grantees, Its Successors and Assigns |
|--------------|----------------|-----------|--|
| 1. Cocke | 1924 | Unlimited | Newport Mill Co. |
| 2. Grainger | 1932 | Unlimited | Tennessee Public Service Co. |
| 3. Jefferson | 1923 | Unlimited | The Tennessee Electric Power Co. |
| 4. Knox | 1912 | Unlimited | Knoxville Railway & Light Co. |
| 5. Sevier | 1929 | Unlimited | Tennessee Public Service Co. |
| 6. Union | 1927 | Unlimited | Knoxville Power & Light Co. |

B. Municipal Franchises—State of Tennessee:

| Municipality | Year Issued | Term | Original Grantees, Its Successors and Assigns |
|-------------------|----------------|--------------|--|
| 7. Dandridge | 1914 | 99 years | E. C. Johnson |
| 8. Jefferson City | 1923 | Unlimited | The Tennessee Electric Power Co. |
| 9. Knoxville | 1885 | Unlimited | Schuyler Electric Light Co. |
| 10. Newport | 1923 | Unlimited | Newport Mill Co. |
| 11. Sevierville | 1915 | Expires 1954 | Sevierville Light & Power Co. |
| 12. White Pine | 1923 | Unlimited | The Tennessee Electric Power Co. |

[fol. 1956]

Memorandum of Franchises of Holston River Electric Company

A. County Franchises—State of Tennessee:

| County | Year Issued | Term | Original Grantees |
|------------|----------------|-----------|----------------------------|
| 1. Hamblen | 1926 | Unlimited | Holston River Electric Co. |
| 2. Hawkins | 1926 | Unlimited | Holston River Electric Co. |

B. Municipal Franchises—State of Tennessee:

| Municipality | Year Issued | Term | Original Grantee, Its Successors and Assigns |
|----------------|----------------|----------|---|
| 3. Rogersville | 1926 | 25 years | Holston River Electric Co. |

COMPLAINANTS' EXHIBIT No. 3

[fol. 1957]

Municipal Electric Franchises Owned by Alabama Power Company
as of July 1, 1937

| Grantor | Grantee | Date | |
|--|---|----------|-------------------|
| | | Granted | Expires |
| Abbeville ¹ | Gulf Electric Company | 6-24-25 | No limitation |
| Akron | Alabama Power Company | 6-30-27 | " |
| Alabama City | Alabama Power Company | 3-6-16 | " |
| Albany | Alabama Power Company | 7-7-19 | 1-27-50 |
| (Consolidated with Decatur by Act of Legislature, Approved Feb. 4, 1927) | | | |
| Albertville | Alabama Power Company | 9-25-23 | No limitation |
| Aliceville | " " " | 3-2-27 | " |
| Altoona | " " " | 10-21-25 | " |
| Anniston | Anniston Electric Company | 10-12-99 | " |
| Arab | Alabama Power Company | 5-14-28 | " |
| Ashford ¹ | Gulf Electric Company | 10-20-25 | " |
| Ashland | Alabama Power Company | 3-30-16 | " |
| Ashville | " " " | 3-9-26 | " |
| Atmore ¹ | Gulf Electric Company | 6-9-25 | " |
| Attalla | Alabama Power Company | 5-5-13 | " |
| | " " " | 1-19-14 | " |
| Auburn | " " " | 6-19-30 | " |
| Austinville | " " " | 9-6-15 | " |
| Autaugaville | " " " | 9-10-29 | " |
| [fol. 1958] | | | |
| Bay Minette ¹ | Gulf Electric Company | 10-14-27 | Terminable Permit |
| Bear Creek | Alabama Power Company | 3-22-27 | No limitation |
| Beatrice | " " " | 11-7-29 | " |
| Beaverton | " " " | 11-21-28 | " |
| Bellwood | " " " | 12-6-29 | " |
| Berry | " " " | 10-1-24 | " |
| Billingsley | " " " | 12-12-30 | " |
| Black | " " " | 2-11-37 | " |
| Blountsville | " " " | 2-15-29 | " |
| Boaz | " " " | 10-3-23 | " |
| Boligee | " " " | 6-30-27 | " |
| Boston | " " " | 2-4-29 | " |
| Brent | " " " | 1-20-23 | " |
| Brawton | " " " | 9-18-28 | Terminable Permit |
| Bridgeport | " " " | 5-19-30 | No limitation |
| Brookside | " " " | 12-15-25 | " |
| Butler | " " " | 10-9-29 | " |
| Calera | " " " | 6-18-13 | " |
| Camp Hill | " " " | 12-29-16 | " |
| [fol. 1959] | | | |
| Capitol Heights (Consolidated with Montgomery by Act of Legislature approved Aug. 26, 1927) | Richard Tillis & Associates (Ord. 3-8-23 confirming in A. P. Co. franchise rights heretofore granted to Montgomery L. & W. P. Co. & Montgomery L. & T. Company and to all other companies which such two companies have succeeded) | 11-18-12 | No limitation |

¹ All Gulf Electric Company franchises were vested in Alabama Power Company by consolidation agreement effective November 10, 1927. (See Charter.)

COMPLAINANTS' EXHIBIT No. 3

Municipal Electric Franchises Owned by Alabama Power Company
as of July 1, 1937—Continued

| Grantor | Grantee | Date | |
|---|---|----------|---------------|
| | | Granted | Expires |
| Carbon Hill | Alabama Power Company | 5-10-27 | No limitation |
| Cardiff | " | 1-30-26 | " |
| Carrollton | " | 9-9-26 | " |
| Carrville | " | 5-1-25 | " |
| Castleberry | " | 6-9-37 | " |
| Centerville | " | 1-20-23 | " |
| Chapman | " | 7-10-24 | " |
| Cherokee | " | 8-6-24 | " |
| Childersburg | " | 1-3-23 | " |
| Citroneile | " | 8-8-30 | " |
| Clanton | Coosa Electric Company (Confirmed in A. P. Co. by Ord. 9-27-20) | 1-2-20 | " |
| Clayton ¹ | Gulf Electric Company | 12-15-25 | " |
| Cloverdale (Consolidated with Montgom- ery by Act of Legislature ap- proved 8-26-27) | Richard Tillis & Associates (Ord. 3-26-23 confirming in A. P. Co. franchise rights heretofore granted to Montgomery L. & W. P. Co. & Montgomery L. & T. Co. and to all other companies which such two companies have succeeded) | 4-6-11 | " |
| [fol. 1960] | | | |
| Coffee Springs | Alabama Power Company | 5-10-29 | No limitation |
| Collinsville | " | 6-18-29 | " |
| Columbia ¹ | Gulf Electric Company | 1-28-26 | " |
| Columbiana | Alabama Power Company | 4-24-25 | " |
| Cordova | Alabama Power Co. (Trans. Lines) | 4-24-17 | " |
| | Cordova Light & Power Company (Confirmed in A. P. Co. by Ord. 4-2-29) | 11-13-28 | " |
| Cottonwood | Alabama Power Company | 2-28-35 | " |
| Courtland | " | 7-16-24 | " |
| Crossville | " | 6-18-29 | " |
| Cuba | " | 5-19-25 | " |
| Dadeville | " | 12-1-22 | " |
| Daviston | " | 11-23-34 | " |
| Dayton | " | 12-30-35 | " |
| Decatur | " | 10-16-19 | 1-27-50 |
| Demopolis | " | 6-12-24 | " |
| Dora | " | 4-11-16 | " |
| East Brewton | " | 9-19-28 | " |
| Eclectic | " | 5-21-24 | " |
| Eden | " | 8-25-19 | " |
| Edwardsville | " | 1-23-36 | " |
| Epes | " | 7-1-27 | " |
| [fol. 1961] | | | |
| Equality | Alabama Power Company | 3-4-37 | No limitation |
| Eufaula ¹ | Alabama Power Co. (Limited to Customers of 50 hp. or more to 8-21-39. Thereafter franchise is general) | 11-16-28 | 11-16-58 |

¹ All Gulf Electric Company franchises were vested in Alabama Power Company by consolidation agreement effective November 10, 1927. (See Charter.)

COMPLAINANTS' EXHIBIT No. 3

Municipal Electric Franchises Owned by Alabama Power Company
as of July 1, 1937—Continued

| Grantor | Grantee | Date | |
|-----------------------|--|----------|---------------|
| | | Granted | Expires |
| Eutaw | Alabama Power Company | 8-9-27 | No limitation |
| Falkville | " " " | 11-16-25 | " |
| Faunsdale | " " " | 6-13-24 | " |
| Fayette | " " " | 9-30-24 | " |
| Five Points | Alabama Power Co. (Trans. Lines) | 11-20-19 | " |
| Flomaton ¹ | Alabama Power Company | 5-22-24 | " |
| Florala ¹ | Gulf Electric Company | 6-9-25 | " |
| | J. N. McClung & Company | 2-17-25 | " |
| | (Confirmed in Gulf El. Co. by Ordinance 1-18-27) | | |
| Fort Deposit | Alabama Power Company | 7-7-24 | " |
| Fort Payne | " " " | 6-18-29 | " |
| Fruithurst | " " " | 3-9-36 | " |
| Gadsden | W. S. McCall & Associates | 10-31-98 | " |
| | Alabama City, Gadsden & Attalla Ry. Co. | 12-7-00 | 12-7-50 |
| | (Act of Legislature; Confirmed in A. C. G. & A. Ry. Co., the electric light and power rights under Act of 12-7-00, by Ordinance 5-14-06) | | |
| | Gadsden Light, Coal & Ice Co. | 11-11-02 | No limitation |
| | (All confirmed in A. P. Co. by Ordinance 2-11-20) | | |
| | Alabama Power Co. (Trans. Lines) | 5-18-14 | 5-18-44 |
| [fol. 1962] | | | |
| Gainesville | Alabama Power Company | 6-24-32 | No limitation |
| Gaylesville | " " " | 8-15-29 | " |
| Geiger | " " " | 7-15-37 | " |
| Geneva ¹ | Gulf Electric Company | 10-24-27 | 10-24-57 |
| Georgiana | Alabama Power Company | 7-10-24 | No limitation |
| Goodwater | " " " | 11-11-25 | " |
| Gordo | " " " | 10-14-26 | " |
| Gordon | " " " | 4-30-28 | " |
| Greensboro | " " " | 6-13-29 | " |
| Greenville | " " " | 8-9-23 | " |
| Guin | " " " | 5-13-24 | " |
| Guntersville | " " " | 7-5-15 | " |
| Hackleburg | " " " | 3-10-27 | " |
| Haleyville | " " " | 4-22-25 | " |
| Hamilton | " " " | 3-18-26 | " |
| Hanceville | " " " | 11-2-29 | " |
| Hartselle | " " " | 8-10-15 | " |
| Headland | " " " | 5-29-30 | " |
| Heffin | " " " | 1-14-25 | " |
| Helena | " " " | 8-1-24 | " |
| Hobson City | " " " | 1-3-16 | " |

¹ All Gulf Electric Company franchises were vested in Alabama Power Company by consolidation agreement effective November 10, 1927. (See Charter.)

COMPLAINANTS' EXHIBIT No. 3

[fol. 1963]

Municipal Electric Franchises Owned by Alabama Power Company
as of July 1, 1937—Continued

| | | Date | |
|------------------------------|---|----------|---------------|
| Grantor | Grantee | Granted | Expires |
| Hodges | Alabama Power Company | 3-21-27 | No limitation |
| Holly Pond | " | 9-3-35 | " |
| Hollywood (Jefferson Co.) | " | 11-26-28 | " |
| Hollywood (Jackson Co.) | " | 5-16-30 | " |
| Homewood | " | 1-7-29 | 1-7-59 |
| Huntsville | President, Huntsville Elec. Co. (Confirmed in A. P. Co. by Ord. 6-15-16) | 5-17-87 | No limitation |
| Hurtstboro ¹ | Gulf Electric Company | 12-22-25 | " |
| Jackson ¹ | " | 3-8-27 | " |
| Jacksonville | W. M. Hood (Transferred Jacksonville L. & P. Co.; J. L. & P. Co. sold to A. P. Co.) | 7-27-15 | " |
| | Ord. confirming J. L. & P. Co. franchise in A. P. Co. | 2-2-16 | " |
| Jasper | Alabama Power Company | 7-2-17 | 7-11-47 |
| Jemison | " | 5-7-25 | No limitation |
| Johns | " | 6-27-27 | " |
| Kennedy | " | 5-9-28 | " |
| LaFayette | Alabama Power Co. (Trans. Lines to Serve Customers of 50 hp. or more) | 10-22-19 | " |
| Leeds | W. M. Hood (Confirmed in A. P. Co. 6-16-15) | 3-18-14 | " |
| | Alabama Power Company | 9-2-14 | " |
| [fol. 1964] | | | |
| Leighton | Alabama Power Company | 7-22-24 | No limitation |
| Lincoln | W. M. Hood (Confirmed in A. P. Co. 6-15-15) | 3-3-14 | " |
| | Alabama Power Company | 1-19-15 | " |
| Linden | Alabama Power Company | 1-7-26 | " |
| Lineville | Alabama Power Company | 5-11-16 | " |
| Lisman | Alabama Power Company | 10-18-29 | " |
| Livingston | Alabama Power Company | 6-10-25 | " |
| Lockhart | Alabama Power Company | 8-18-31 | " |
| Louisville ¹ | Gulf Electric Company | 12-29-25 | " |
| Madison | Alabama Power Company | 3-9-20 | " |
| Madrid | Alabama Power Company | 2-10-37 | " |
| Malvern | Alabama Power Company | 12-28-28 | " |
| Marion | Alabama Power Company | 5-16-17 | " |
| Midland City ¹ | Gulf Electric Company | 4-9-25 | " |
| Midway ¹ | Gulf Electric Company | 10-12-25 | " |
| Millport | Alabama Power Company | 5-9-28 | " |
| Mobile ¹ | Electric Lighting Company of Mobile | 2-5-85 | " |
| Monroeville | Alabama Power Company | 12-11-29 | " |
| Montevallo | Alabama Power Company | 12-21-16 | " |
| Montgomery | H. T. Beggs & Associates | 3-17-90 | " |
| | J. McC. Tharin & Associates | 4-17-99 | " |
| | Richard Tillis & Associates | 9-30-10 | 10-3-40 |
| | Confirmed in A. P. Co. | 2-10-23 | |

¹ All Gulf Electric Company franchises were vested in Alabama Power Company by consolidation agreement effective November 10, 1927. (See Charter.)

COMPLAINANTS' EXHIBIT No. 3

[fol. 1965]

Municipal Electric Franchises Owned by Alabama Power Company
as of July 1, 1937—Continued

| Grantor | Grantee | Date | |
|---------------------------|---|----------|---------------|
| | | Granted | Expires |
| Moulton | Alabama Power Company | 6-29-25 | No limitation |
| Moundville | " | 7-14-27 | " |
| McKenzie | " | 5-3-28 | " |
| Nauvoo | " | 11-5-23 | " |
| Newbern | " | 6-14-29 | " |
| New Brockton ¹ | Gulf Electric Company (As amended by Ord. 3-27-26) | 11-13-24 | " |
| Newton | Alabama Power Company | 2-27-29 | " |
| Newville ¹ | Gulf Electric Company | 4-10-25 | " |
| Northport | Tuscaloosa Ice & Light Co. (Confirmed in A. P. Co. by Ord. 10-1-23) | 4-25-14 | " |
| Notasulga | Alabama Power Company | 4-27-21 | " |
| Oakman | Alabama Power Company | 11-24-19 | " |
| Odenville | " | 6-22-28 | " |
| Oneonta | " | 2-1-26 | " |
| Opelika | Alabama Power Co. (Trans. Lines) | 7-21-16 | " |
| Orrville | Alabama Power Company | 9-2-35 | " |
| Oxford | " | 8-1-17 | 8-1-47 |
| Ozark ¹ | Gulf Electric Company | 7-22-26 | No Limitation |
| Paint Rock | Alabama Power Company | 6-15-28 | " |
| Parish | " | 5-11-22 | " |

[fol. 1966]

| | | | |
|-------------------------|--|-------------------|---------------|
| Pell City | W. M. Hood (Ord. 1-3-16 confirming in A. P. Co.) (See merger with A. P. Co. in charter) | 3-2-14 | No limitation |
| Phenix City (Girard) | Columbus Railroad Company " (Acquired by purchase by A. P. Co. 10-1-30) | 3-9-03 3-18-03 | " |
| Phil Campbell | Alabama Power Company | 3-21-27 | " |
| Piedmont | Alabama Power Co. (Trans. Lines) | 8-4-15 | " |
| Pinckard ¹ | Gulf Electric Company | 4-26-26 | " |
| Pine Hill | Alabama Power Company | 11-13-29 | " |
| Pollard | " | 4-3-29 | " |
| Prattville | " | 7-23-23 | " |
| Ragland | W. M. Hood (Confirmed in A. P. Co. by Ord. 12-23-15) | 3-31-14 | " |
| Red Bay | Alabama Power Company | 5-7-14 | " |
| Reform | Alabama Power Company | 4-9-29 | " |
| Riverside | " | 12-2-26 | " |
| Roanoke | " | 2-21-36 | " |
| Rockford | " | 11-6-17 | " |
| Russellville | " | 7-9-29 | " |
| Scottsboro | " | 6-28-23 | " |
| | " | 5-10-30 | " |

¹ All Gulf Electric Company franchises were vested in Alabama Power Company by consolidation agreement effective November 10, 1927. (See Charter.)

COMPLAINANTS' EXHIBIT No. 3

[fol. 1967]

Municipal Electric Franchises Owned by Alabama Power Company
as of July 1, 1937—Continued

| Grantor | Grantee | Date | |
|--------------------------|---|----------|---------------|
| | | Granted | Expires |
| Selma | Selma Light Company (Con- firmed in A. P. Co. by Ord. 9-16-20) | 9-16-19 | 9-12-50 |
| Slocumb ¹ | Gulf Electric Company | 2-16-26 | No Limitation |
| Smith Hill | Alabama Power Company | 5-15-16 | " |
| Springville | " | 10-19-25 | " |
| Steppville | " | 10-25-29 | " |
| Stevenson | Tennessee Valley Light & Power Company (Ac- quired by purchase by A. P. Co. 1-15-30) | 3-29-15 | 3-29-45 |
| Stroud | Alabama Power Company | 8-13-27 | No Limitation |
| Sulligent | " | 8-17-25 | " |
| Talladega | Alabama Power Develop- ment Co. (Vested in A. P. Co. by merger 7-29-13) | 4-5-09 | " |
| | Alabama Power Co. (Trans. Lines) | 10-19-15 | " |
| Talladega Springs | Alabama Power Company | 9-27-35 | " |
| Thomaston | " | 6-21-27 | " |
| Thomasville ¹ | Gulf Electric Company (Ratified by Ord. 11-22-26) | 6-9-26 | " |
| Thorsby | Alabama Power Company | 5-7-25 | " |
| Town Creek | " | 7-21-24 | " |
| Tuscaloosa | " | 9-25-23 | 9-25-53 |
| [fol. 1968] | | | |
| Tuskegee | Alabama Power Co. (Trans. Lines) | 10-15-20 | No limitation |
| Union Springs | Alabama Power Company | 7-10-23 | " |
| Uniontown | " | 6-13-24 | " |
| Valley Head | " | 6-19-29 | " |
| Vernon | " | 8-17-25 | " |
| Vina | " | 3-10-27 | " |
| Vincent | " | 5-7-28 | " |
| Wadley | " | 12-22-25 | " |
| Walnut Grove | " | 6-26-29 | " |
| Warrior | " | 12-19-22 | " |
| Waverly | " | 2-5-23 | " |
| Webb ¹ | Gulf Electric Company | 10-29-26 | " |
| Wedowee | Alabama Power Company | 12-21-25 | " |
| West Blocton | " | 6-17-15 | " |
| Wetumpka | " | 4-23-23 | " |
| Wilsonville | " | 9-18-29 | " |
| Wilton | " | 4-19-17 | " |
| Winfield | " | 5-13-24 | " |
| Woodville | " | 1-10-29 | " |
| York | " | 4-16-25 | " |

¹ All Gulf Electric Company franchises were vested in Alabama Power Company by consolidation agreement effective November 10, 1927. (See Charter.)

COMPLAINANTS' EXHIBIT No. 3

[fol. 1969]

Memorandum of Franchises of Kentucky and West Virginia
Power Company, Incorporated

A. County Franchises—Kentucky:

| County | Date Issued | Term | Original Grantee |
|------------|----------------|----------|--------------------------|
| 1. Boyd | Sept. 3, 1924 | 20 Years | Boyd County Electric Co. |
| 2. Carter | July 2, 1926 | 20 " | Ky. & W. Va. Pr. Co. |
| 3. Greenup | Oct. 17, 1923 | 20 " | Boyd County Electric Co. |
| 4. Leslie | May 10, 1937 | 20 " | Ky. & W. Va. Pr. Co. |
| 5. Rowan | Sept. 30, 1926 | 20 " | " " " " |

B. Municipal Franchises—Kentucky:

| Municipality | Date Issued | Term | Original Grantee |
|-----------------|---------------|----------|-----------------------------|
| 1. Allen | Apr. 11, 1923 | 20 Years | Ky. & W. Va. Pr. Co. |
| 2. Ashland | Aug. 4, 1931 | 20 Years | " " " " |
| 3. Blackey | May 5, 1924 | 20 Years | " " " " |
| 4. Catlettsburg | July 12, 1933 | 20 Years | " " " " |
| 5. Chinnville | July 7, 1924 | 20 Years | Boyd County Elec. Co. |
| 6. Dwale | Jan. 7, 1924 | 20 Years | Ky. & W. Va. Pr. Co. |
| 7. Elkhorn City | June 2, 1924 | 20 Years | " " " " |
| 8. Fullerton | Aug. 24, 1926 | 20 Years | Portsmouth Public Serv. Co. |
| 9. Grayson | June 3, 1926 | 20 Years | Ky. & W. Va. Pr. Co. |
| 10. Greenup | Nov. 7, 1923 | 20 Years | Boyd County Elec. Co. |
| 11. Hazard | Nov. 12, 1931 | 20 Years | Ky. & W. Va. Pr. Co. |
| 12. Hellier | July 5, 1926 | 20 Years | " " " " |
| 13. Hindman | June 6, 1932 | 20 Years | " " " " |
| 14. Jackson | Sept. 6, 1926 | 20 Years | " " " " |
| 15. Lackey | Nov. 17, 1924 | 20 Years | " " " " |
| 16. Martin | Apr. 11, 1924 | 20 Years | Martin Lt. & Pr. Co. |
| 17. Neon | Oct. 2, 1925 | 20 Years | Ky. & W. Va. Pr. Co. |
| 18. Paintsville | Aug. 8, 1927 | 20 Years | " " " " |
| 19. Pikeville | May 1, 1934 | 20 Years | " " " " |

[fol. 1970]

| | | | |
|------------------|---------------|----------|-----------------------|
| 20. Prestonsburg | Mar. 7, 1927 | 20 Years | Ky. & W. Va. Pr. Co. |
| 21. Russell | Dec. 22, 1936 | 20 " | " " " " |
| 22. Salyersville | Dec. 10, 1927 | 20 " | Byron T. Gifford |
| 23. W. Van Lear | Dec. 29, 1926 | 20 " | Ky. & W. Va. Pr. Co. |
| 24. Whitesburg | Oct. 3, 1922 | 20 " | " " " " |
| 25. Worthington | July 7, 1924 | 20 " | Boyd County Elec. Co. |

[fol. 1971]

Memorandum of Franchises of Kingsport Utilities, Incorporated

A. County Franchises—Tennessee:

| County | Date Issued | Term | Original Grantee |
|-------------|--------------|-----------|---------------------------|
| 1. Hawkins | July 6, 1931 | Unlimited | Kingsport Utilities, Inc. |
| 2. Sullivan | July 6, 1931 | " | " |

B. Municipal Franchises—Tennessee:

| Municipality | Date Issued | Term | Original Grantee |
|--------------|--------------|----------|-------------------------------|
| 1. Kingsport | May 24, 1917 | 99 Years | Kingsport Elec. Lt. & Pr. Co. |

COMPLAINANTS' EXHIBIT No. 3

[fol. 1972]

Memorandum of Franchises of Kentucky-Tennessee Light & Power Company.

A. County Franchises—Kentucky:

| County | Date Issued | Term | Original Grantee, Its Successors and Assigns |
|-----------------|-------------|----------|---|
| 1. Allen | 8-6-29 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 2. Barren | 5-7-29 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 3. Breckenridge | 6-14-27 | 20 Years | Kentucky Service Company |
| 4. Bullitt | 8-1-27 | 20 Years | Kentucky Service Company |
| 5. Calloway | 11-15-27 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 6. Christian | 4-3-34 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 7. Edmondson | 2-28-24 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 8. Estill | 6-29-25 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 9. Franklin | 7-5-29 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 10. Fulton | 6-29-25 | 20 Years | Inter-States Utilities Co. |
| 11. Graves | 6-25-25 | 20 Years | Inter-States Utilities Co. |
| 12. Hancock | 6-6-25 | 20 Years | Inter-States Utilities Co. |
| 13. Hickman | 6-23-25 | 20 Years | Inter-States Utilities Co. |
| 14. Larue | 8-15-27 | 20 Years | Kentucky Service Company |
| 15. Lee | 3-12-25 | 20 Years | Inter-States Utilities Co. |
| 16. Lincoln | 11-13-28 | 20 Years | Hustonsville Public Service Company |
| 17. Logan | 5-29-23 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 18. Marshall | 8-16-29 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 19. Nelson | 4-6-26 | 20 Years | Ohio Valley Public Service Company |
| 20. Shelby | 1-9-28 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 21. Spencer | 11-10-25 | 20 Years | E. A. Opfergelt and John B. Thomas |
| 22. Trigg | 6-22-29 | 20 Years | Kentucky-Tennessee Light & Power Company |

[fol. 1973]

| | | | |
|-------------|---------|----------|--|
| 23. Warran | 1-19-35 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 24. Whitley | 5-2-30 | 20 Years | Kentucky-Tennessee Light & Power Company |

B. County Franchises—Tennessee:

| | | | |
|----------------|---------|-----------|--|
| 25. Carroll | 10-7-29 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 26. Gibson | 1-6-30 | Unlimited | Kentucky-Tennessee Light & Power Company |
| 27. Henry | 1-7-29 | Unlimited | Kentucky-Tennessee Light & Power Company |
| 28. Lake | 2-15-28 | 20 Years | Southern Utilities Company |
| 29. Montgomery | 4-6-14 | Unlimited | Kentucky Public Service Company |
| 30. Obion | 4-2-28 | 30 Years | Southern Utilities Company |
| 31. Robertson | 5-14-24 | Unlimited | Kentucky-Tennessee Light & Power Company |
| 32. Stewart | 10-4-26 | Unlimited | Dover Power Company |
| 33. Weakley | 7-1-29 | Unlimited | Kentucky-Tennessee Light & Power Company |

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of Kentucky-Tennessee Light & Power Company—Continued

C. Municipal Franchises—Kentucky:

| Town | Date Issued | Term | Original Grantee, Its Successors and Assigns |
|----------------------|-------------|-----------|---|
| 34. Allensville | 7-7-24 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 35. Beattyville | 5-4-25 | 20 Years | Inter-States Utilities Company |
| 36. Brownsville | 4-23-25 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 37. Bloomfield | 3-1-27 | 20 Years | Kentucky Service Company |
| 38. Bowling Green | 5-5-90 | Unlimited | Bowling Green Gas-Light Company |
| 39. Cadiz | 10-10-36 | 10 Years | Kentucky-Tennessee Light & Power Company |
| 40. Cerulean | 6-3-29 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 41. Cloverport | 5-4-25 | 20 Years | Cloverport Ice Company |
| 42. Dexter | 2-17-31 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 43. Elkton | 12-6-29 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 44. Fancy Farm | 6-7-29 | 20 Years | Kentucky-Tennessee Light & Power Company |
| [fol. 1974] | | | |
| 45. Frankfort | 4-24-82 | Unlimited | Capitol Gas & Electric Company |
| 46. Guthrie | 6-2-34 | 15 Years | Kentucky-Tennessee Light & Power Company |
| 47. Glasgow Junction | 6-9-27 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 48. Hazel | 4-21-27 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 49. Hawesville | 5-4-25 | 20 Years | W. H. Williams |
| 50. Hardinsburg | 5-2-25 | 20 Years | Hardinsburg Electric Light Company |
| 51. Hardin | 11-25-25 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 52. Hopkinsville | 2-9-26 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 53. Hustonville | 4-5-27 | 20 Years | Kentucky Service Company |
| 54. Irvine | 6-27-23 | 20 Years | Kentucky River Utilities Company |
| 55. Irvington | 9-9-26 | 20 Years | Claude Mercer |
| 56. Lebanon Junction | 2-9-26 | 20 Years | Lebanon Junction Light & Power Company |
| 57. Lewisport | 5-2-25 | 20 Years | Inter-States Utilities Company |
| 58. Mayfield | 5-6-25 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 59. Murray | 5-17-26 | 20 Years | R. H. Hood |
| 60. New Haven | 9-29-26 | 20 Years | Union Edison Company |
| 61. Pembroke | 4-6-31 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 62. Ravenna | 10-1-23 | 20 Years | Kentucky River Utilities Company |
| 63. Russellville | 5-19-27 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 64. Scottsville | 7-3-22 | 20 Years | Scottsville Utilities Company |
| 65. Smiths Grove | 4-9-24 | 19 Years | Smiths Grove Light & Ice Company |
| 66. Taylorsville | 9-8-27 | 20 Years | Kentucky Service Company |
| 67. Trenton | 1-1-34 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 68. Water Valley | 6-7-26 | 20 Years | C. B. Bard |
| 69. Wingo | 8-2-26 | 20 Years | C. A. Orr |

COMPLAINANTS' EXHIBIT No. 3

[fol. 1975]

Memorandum of Franchises of Kentucky-Tennessee Light & Power Company—Continued

D. Municipal Franchises—Tennessee

| Town | Date Issued | Term | Original Grantee, Its Successors and Assigns |
|-----------------|-------------|-----------|---|
| 70. Bradford | 6-4-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 71. Clarksville | 9-7-10 | 50 Years | Clarksville Railway & Light Company |
| 72. Dresden | 7-9-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 73. Dyer | 7-10-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 74. Gailatin | 8-10-27 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 75. Gleason | 7-9-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 76. Greenfield | 7-8-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 77. Henry | 5-7-29 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 78. Hurlington | 1-13-25 | 30 Years | J. H. Byrd |
| 79. Jellico | 4-17-28 | 25 Years | Jellico Electric Light, Heat & Power Company |
| 80. Kenton | 8-27-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 81. Martin | 7-7-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 82. McKenzie | 6-11-26 | 25 Years | Kentucky-Tennessee Light & Power Company |
| 83. Newbern | 9-2-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 84. Obion | 7-10-24 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 85. Paris | 1-20-26 | 20 Years | Kentucky-Tennessee Light & Power Company |
| 86. Ridgely | 9-23-27 | 20 Years | Southern Utilities Company |
| 87. Rives | 9-3-35 | 10 Years | Kentucky-Tennessee Light & Power Company |
| 88. Rutherford | 7-10-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 89. Sharon | 7-11-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 90. Tiptonville | 9-23-29 | 17½ Years | Southern Utilities Company |
| 91. Trezevant | 12-6-27 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 92. Trimble | 7-11-24 | 30 Years | Kentucky-Tennessee Light & Power Company |
| 93. Troy | 11-17-24 | 30 Years | Kentucky-Tennessee Light & Power Company |

COMPLAINANTS' EXHIBIT No. 3

(fol. 1976)

Memorandum of Municipal Franchises of West Tennessee Power & Light Company

Municipal Franchises—State of Tennessee:

| Municipality | Year Issued | Term | Original Granter, Its Successors and Assigns |
|---|-------------|--------------------------------|--|
| 1. Atoka | 1925 | 30 Years | J. J. Brennan |
| 2. Brighton | 1927 | 30 Years | W. J. O'Brien |
| 3. Brownsville | 1924 | 30 Years | Brownsville Cotton Oil & Ice Company |
| 4. Gates | 1926 | 30 Years | W. J. O'Brien |
| 5. Halls | 1927 | 20 Years | Frank A. Reid |
| 6. Henderson | 1927 | 30 Years | Jackson Railway & Light Company |
| 7. Henning | 1925 | 25 Years | Trice M. Bell |
| 8. Humboldt | 1925 | 30 Years | Joseph H. Byrd |
| 9. Jackson | 1902 | 25 Years | Jackson & Suburban Street Railroad |
| 10. Jackson (Extending time of 1902 franchise) | 1913 | 50 Years From Oct. 21, 1913 | Jackson Railway & Light Company |
| 11. Mason | 1930 | 30 Years | West Tennessee Power & Light Company |
| 12. Medina | 1926 | 30 Years | Jackson Railway & Light Company |
| 13. Munford | 1925 | 30 Years | J. J. Brennan |
| 14. Ripley | 1926 | 30 Years | W. J. O'Brien |
| 15. Stanton | 1929 | 30 Years | West Tennessee Power & Light Company |
| 16. Whiteville | 1925 | 30 Years | J. J. Brennan |

(fol. 1977)

Memorandum of Franchises of Mississippi Power & Light Company

Municipal Franchises—Mississippi:

| Municipality | Date Issued | Term | Original Grantee, Its Successors and Assigns |
|---------------------|-------------|---------|--|
| 1. Alligator | 12-14-27 | 25 yrs. | Mississippi Power & Light Co. |
| 2. Anguilla | 7-10-29 | 25 " | Mississippi Power & Light Co. |
| 3. Arcola | 3-16-26 | 25 " | The Mississippi Power & Light Co. |
| 4. Batesville | 7-7-25 | 20 " | Pinola Electric Light & Power Co. |
| 5. Beauoit | 7-7-25 | 25 " | The Mississippi Power & Light Co. |
| 6. Beulah | 1-2-30 | 25 " | Mississippi Power & Light Co. |
| 7. Bolton | 1-20-29 | 25 " | Mississippi Power & Light Co. |
| 8. Boyle | 9-4-28 | 25 " | Mississippi Power & Light Co. |
| 9. Brandon | 6-27-30 | 25 " | Mississippi Power & Light Co. |
| 10. Braxton | 6-7-27 | 25 " | M. L. Culley |
| 11. Byhalia | 9-3-29 | 25 " | Mississippi Power & Light Co. |
| 12. Carrollton | 11-18-26 | 25 " | The Mississippi Power & Light Co. |
| 13. Carthage | 9-20-30 | 25 " | Mississippi Power & Light Co. |
| 14. Cary | 2-11-31 | 25 " | Mississippi Power & Light Co. |
| 15. Charleston | 6-5-28 | 25 " | Mississippi Power & Light Co. |
| 16. Cleveland | 11-4-27 | 25 " | The Mississippi Power & Light Co. |
| 17. Clinton | 1-1-25 | 25 " | The Mississippi Power & Light Co. |
| 18. Coffeeville | 6-10-27 | 25 " | The Mississippi Power & Light Co. |
| 19. Coldwater | 7-8-19 | 50 " | Town of Senatobia |
| 20. Como | 2-5-29 | 25 " | Mississippi Power & Light Co. |
| 21. Courtland | 3-4-30 | 25 " | Mississippi Power & Light Co. |
| 22. Crenshaw | 1-5-26 | 25 " | The Mississippi Power & Light Co. |
| 23. Cruger | 12-9-30 | 25 " | Mississippi Power & Light Co. |
| 24. Crystal Springs | 1-21-36 | 25 " | Mississippi Power & Light Co. |
| 25. D'Lo | 12-9-27 | 25 " | Mississippi Power & Light Co. |

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of Mississippi Power & Light Company—
Continued

| Municipality | Date Issued | Term | Original Grantee, Its Successors and Assigns |
|--|----------------|---------|---|
| 26. Doddsville (limited to industrials) | 7-16-26 | 25 yrs. | The Mississippi Power & Light Co. |
| 27. Drew | 10-14-26 | 25 " | The Mississippi Power & Light Co. |
| 28. Duck Hill | 7-9-25 | 25 " | The Mississippi Power & Light Co. |
| 29. Duncan | 2-20-25 | 25 " | The Mississippi Power & Light Co. |
| [fol. 1978] | | | |
| 30. Edwards | 7-26-27 | 25 yrs. | The Mississippi Power & Light Co. |
| 31. Enid | 2-4-30 | 25 " | Mississippi Power & Light Co. |
| 32. Ethel | 6-28-28 | 25 " | Mississippi Utilities Co. |
| 33. Flora | 5-31-28 | 25 " | Mississippi Power & Light Co. |
| 34. Florence | 6-7-27 | 25 " | M. L. Culley |
| 35. Friars Point | 11-16-26 | 25 " | The Mississippi Power & Light Co. |
| 36. Gallman | 12-6-27 | 25 " | Mississippi Power & Light Co. |
| 37. Georgetown | 6-27-27 | 25 " | M. L. Culley |
| 38. Glendora | 7-12-27 | 25 " | S. B. Towns |
| 39. Goodman | 4-13-27 | 25 " | The Mississippi Power & Light Co. |
| 40. Greenville | 5-7-01 | 50 " | Delta Electric Light, Power & Mfg. Co. |
| from June 2, 1903 | | | |
| 41. Grenada | 3-30-25 | 25 " | The Mississippi Power & Light Co. |
| 42. Gunnison | 9-17-27 | 25 " | The Mississippi Power & Light Co. |
| 43. Guntown | 2-8-24 | 25 " | The Mississippi Power & Light Co. |
| 44. Haslehurst | 8-18-25 | 25 " | The Mississippi Power & Light Co. |
| 45. Hernando | 5-8-16 | 25 " | Wm. S. Bailey and H. G. Mitchell, Jr. |
| from July 1, 1916 | | | |
| 46. Holcomb | 2-21-28 | 25 yrs. | Mississippi Power & Light Co. |
| 47. Hollandale | 11-16-26 | 25 " | The Mississippi Power & Light Co. |
| 48. Independence | 12-10-35 | 25 " | Mississippi Power & Light Co. |
| 49. Indianola | 2-10-26 | 25 " | The Mississippi Power & Light Co. |
| 50. Inverness | 9-15-36 | 25 " | The Mississippi Power & Light Co. |
| 51. Isola | 12-14-26 | 25 " | The Mississippi Power & Light Co. |
| 52. Jackson | 9-18-19 | 25 " | M. H. Grossman |
| 53. Jonestown | 1-8-25 | 25 " | Dan Bradera |
| 54. Kilmichael | 5-3-27 | 25 " | J. R. Phillips |
| 55. Lambert | 7-2-26 | 25 " | The Mississippi Power & Light Co. |
| 56. Learned | 6-13-26 | 25 " | Mississippi Power & Light Co. |
| 57. Lexington | 1-8-26 | 25 " | The Mississippi Power & Light Co. |
| 58. Louise | 3-6-28 | 25 " | M. L. Culley & A. R. Williams |
| 59. Lula | 4-1-25 | 25 " | Roane Waring |
| 60. Lyon | 10-4-27 | 50 " | Mississippi Delta Power & Light Co. |
| 61. Magee | 4-29-27 | 25 " | The Mississippi Power & Light Co. |
| 62. Marks | 10-8-24 | 25 " | Dan Bradera |
| 63. McCool | 4-18-28 | 25 " | Mississippi Power & Light Co. |
| [fol. 1979] | | | |
| 64. Merigold | 2-21-25 | 25 yrs. | The Mississippi Power & Light Co. |
| 65. Mize | 6-14-27 | 25 " | The Mississippi Power & Light Co. |
| 66. Moorhead | 12-11-25 | 25 " | The Mississippi Power & Light Co. |
| 67. Morton | 9-8-26 | 25 " | The Mississippi Power & Light Co. |
| 68. Mound Bayou | 2-20-25 | 25 " | The Mississippi Power & Light Co. |
| 69. Mt. Olive | 8-22-28 | 25 " | Mississippi Utilities Co. |
| 70. Nesbitt | 8-5-30 | 25 " | Mississippi Power & Light Co. |
| 71. New Hebron | 6-27-27 | 25 " | M. L. Culley |
| 72. North Carrollton | 12-9-26 | 25 " | The Mississippi Power & Light Co. |
| 73. Oakland | 2-4-30 | 25 " | Mississippi Power & Light Co. |
| 74. Olive Branch | 7-15-29 | 25 " | Mississippi Power & Light Co. |
| 75. Pace | 9-29-25 | 25 " | The Mississippi Power & Light Co. |
| 76. Pelahatchie | 4-3-28 | 25 " | Mississippi Power & Light Co. |

COMPLAINANTS' EXHIBIT No. 3

Memorandum of Franchises of Mississippi Power & Light Company—
Continued

| Municipality | Date Issued | Term | Original Grantee, Its Successors and Assigns |
|------------------|----------------|---------|---|
| 77. Pickens | 11-10-27 | 25 yrs. | The Mississippi Power & Light Co. |
| 78. Pinola | 7-6-27 | 25 " | M. L. Culley |
| 79. Pope | 6-2-26 | 25 " | L. R. Brooks |
| 80. Raleigh | 7-27-35 | 25 " | Mississippi Power & Light Co. |
| 81. Raymond | 8-6-25 | 25 " | The Mississippi Power & Light Co. |
| 82. Ridgeland | 1-19-28 | 25 " | Mississippi Power & Light Co. |
| 83. Rolling Fork | 10-11-30 | 25 " | Mississippi Power & Light Co. |
| 84. Rosedale | 9-11-25 | 25 " | The Mississippi Power & Light Co. |
| 85. Ruleville | 9-11-26 | 25 " | The Mississippi Power & Light Co. |
| 86. Sallis | 5-9-28 | 25 " | Mississippi Power & Light Co. |
| 87. Sardis | 7-17-28 | 25 " | Mississippi Power & Light Co. |
| 88. Senatobia | 11-15-26 | 25 " | General Power & Light Co. |
| 89. Shelby | 2-20-25 | 25 " | The Mississippi Power & Light Co. |
| 90. Sidon | 10-17-26 | 25 " | The Mississippi Power & Light Co. |
| 91. Silver City | 5-1-28 | 25 " | Mississippi Utilities Co. |
| 92. Silver Creek | 11-1-27 | 25 " | The Mississippi Power & Light Co. |
| 93. Sledge | 12-30-25 | 25 " | The Mississippi Power & Light Co. |
| 94. Stewart | 10-2-28 | 25 " | Mississippi Power & Light Co. |
| 95. Sumner | 10-7-27 | 25 " | The Mississippi Power & Light Co. |
| 96. Sunflower | 11-3-26 | 25 " | The Mississippi Power & Light Co. |
| 97. Tehula | 5-17-27 | 25 " | The Mississippi Power & Light Co. |
| 98. Terry | 2-3-27 | 25 " | The Mississippi Power & Light Co. |
| 99. Tillatoba | 10-11-28 | 25 " | Mississippi Power & Light Co. |
| [fol. 1980] | | | |
| 100. Tunica | 2-6-23 | 25 yrs. | Planters Oil Mill |
| 101. Tutwiler | 7-12-27 | 25 " | The Mississippi Power & Light Co. |
| 102. Vaiden | 8-5-27 | 25 " | The Mississippi Power & Light Co. |
| 103. Vicksburg | 2-2-28 | 50 yrs. | Percival Steele |
| 104. Weathersby | 1-20-28 | 25 " | Mississippi Power & Light Co. |
| 105. Webb | 10-27-25 | 25 " | The Mississippi Power & Light Co. |
| 106. West | 1-26-28 | 25 " | Mississippi Power & Light Co. |
| 107. Winona | 5-1-25 | 25 " | The Mississippi Power & Light Co. |

COMPLAINANTS' EXHIBIT No. 3

[fol. 1981]

Memorandum of Franchises of East Tennessee Light & Power Company
and Tennessee Eastern Electric Company

A. County Franchises—State of Tennessee:

| County | Year Issued | Term | Original Grantee, Its Successors and Assigns |
|---------------|----------------|-----------|---|
| 1. Carter | 1936 | Unlimited | Tennessee Eastern Electric Co. East Tennessee Light & Power Co. |
| 2. Greene | 1936 | Unlimited | Tennessee Eastern Electric Co. |
| 3. Johnson | 1936 | Unlimited | Tennessee Eastern Electric Co.; East Tennessee Light & Power Co. |
| 4. Sullivan | 1911 | Unlimited | Bristol Gas & Electric Co. |
| 5. Unicoi | 1937 | Unlimited | Tennessee Eastern Electric Co.; East Tennessee Light & Power Co. |
| 6. Washington | 1937 | Unlimited | Tennessee Eastern Electric Co.; East Tennessee Light & Power Co. |

B. Municipal Franchises:

State of Tennessee:

| Municipality | Year Issued | Term | Original Grantee, Its Successors and Assigns |
|-------------------|----------------|-----------|--|
| 7. Bluff City | 1905 | 99 Years | I. D. and W. W. Giles. |
| 8. Bristol | 1896 | Unlimited | Consumers Electric Co. (C. C. Cochran) |
| 9. Butler | 1927 | 30 Years | Charles E. Ide. |
| 10. Elizabethton | 1911 | 50 Years | Watauga Power Co. |
| 11. Erwin | 1933 | 20 Years | East Tennessee Light & Power Co. |
| 12. Greeneville* | 1912 | 50 Years | LeRoy Park. |
| 13. Johnson City* | 1890 | Unlimited | Watauga Lighting & Power Co. (charter rights) |
| 14. Jonesboro* | 1912 | 50 Years | W. V. N. Powelson |

[fol. 1982]

| | | | |
|-------------------|------|----------|--------------------------------|
| 15. Mountain City | 1910 | 30 Years | Roan's Creek Light & Power Co. |
|-------------------|------|----------|--------------------------------|

State of Virginia:

| | | | |
|-------------|------|-----------|----------------------------------|
| 16. Bristol | 1897 | Unlimited | Bristol Gas & Electric Co. |
| 17. Mendota | 1930 | 30 Years | East Tennessee Light & Power Co. |

State of North Carolina:

| | | | |
|--------------|------|----------|----------------------------------|
| 18. Elk Park | 1916 | 30 Years | E. E. Lineback |
| 19. Newland | 1936 | 50 Years | East Tennessee Light & Power Co. |

* Tennessee Eastern Electric Company.

COMPLAINANTS' EXHIBIT No. 3

[fol. 1983]

"Exhibit B"

1. The Tennessee Electric Power Company:

- (a) Town of Dunlap, Tennessee
- (b) " " Friendsville, Tennessee
- (c) " " Jacksboro, Tennessee
- (d) " " Jasper, Tennessee
- (e) " " Maryville, Tennessee
- (f) " " Mount Pleasant, Tennessee—Expired July 18, 1936
- (g) " " Normandy, Tennessee
- (h) " " Orme, Tennessee
- (i) " " Palmer, Tennessee
- (j) " " Ravenscroft, Tennessee
- (k) " " Signal Mountain, Tennessee
- (l) " " Spencer, Tennessee
- (m) " " Spring City, Tennessee—Expired May 4, 1937

2. Memphis Power & Light Company:

- (a) Shelby County, Tennessee—Expired November 1, 1935

3. Mississippi Power Company:

- (a) Town of Columbia, Mississippi
- (b) " " Pass Christian, Mississippi
- (c) City of Hattiesburg, Mississippi

4. Alabama Power Company:

- (a) Town of Center, Alabama
- (b) " " Grove Hill, Alabama
- (c) " " Prichard, Alabama
- (d) City of Sheffield, Alabama—Expired October—, 1932

5. Birmingham Electric Company:

- (a) Town of Homewood, Alabama

6. West Tennessee Power & Light Company:

- (a) Chester County, Tennessee
- (b) Crockett County, Tennessee
- (c) Fayette County, Tennessee

COMPLAINANTS' EXHIBIT No. 3

"Exhibit B"

[fol. 1984] (d) Gibson County, Tennessee

(e) Hardeman County, Tennessee

(f) Haywood County, Tennessee

(g) Lauderdale County, Tennessee

(h) Madison County, Tennessee

7. Mississippi Power & Light Company:

(a) Town of Benton, Mississippi

[fol. 1985]

"Exhibit C"

1. The Tennessee Electric Power Company:

(a) City of Chattanooga vs. The Tennessee Electric Power Company.

The City of Chattanooga filed in the Chancery Court of Hamilton County, Tennessee, a bill seeking a declaratory judgment as to whether or not the franchise granted to Brush Electric Light Company in 1882 and Hauss Electric Light & Power Company in 1887, both of which are now held by The Tennessee Electric Power Company, could be revoked. The Chancellor held that such franchises could not be revoked at will and the case is now pending in the Supreme Court of Tennessee on appeal by the City of Chattanooga.

(b) The Tennessee Electric Power Company vs. The Town of Lewisburg, Tennessee, et al.

This suit was filed in the Chancery Court of Marshall County, Tennessee, against the Town of Lewisburg, its Commissioners, the Tennessee Valley Authority and Harold L. Ickes, Public Works Administrator, seeking to enjoin the issuance and sale of bonds by said town to PWA for the purpose of constructing a municipal electric plant in said town. The Town of Lewisburg and its Commissioners filed an answer and cross bill raising the question as to the validity of the franchise of The Tennessee Electric Power Company to operate in the Town of Lewisburg. Tennessee Valley Authority in its answer alleged that the complainant had no valid franchise. The suit was voluntarily dismissed as against Tennessee Valley Authority and

COMPLAINANTS' EXHIBIT No. 3

Harold L. Ickes, Public Works Administrator. The case is now pending as against the Town of Lewisburg and its Commissioners.

2. Birmingham Electric Company:

(a) Birmingham Electric Company vs. Harold L. Ickes and Tennessee Valley Authority, et al.

This case is pending in the Supreme Court of the District of Columbia. By this suit it was sought to enjoin PWA from making a loan and grant to Bessemer, Alabama. The town is not a party to the suit. The PWA in its answer attacks the validity of the franchise granted by the Town of Bessemer, Alabama, on or about November 12, 1901, to Birmingham Railway Light & Power Company.

3. West Tennessee Power & Light Company:

(a) West Tennessee Power & Light Company vs. City of Jackson, Tennessee.

[fol. 1986] This case was filed in the Federal Court for the Western District of Tennessee seeking to enjoin the City of Jackson, Tennessee, from engaging in the electric power distribution business, said city having entered into a contract with TVA for the purchase of power to be distributed by said city. The City of Jackson on May 1, 1906, granted Jackson Railway & Light Company an exclusive franchise to sell and distribute electricity in said town until June 22, 1937, and on June —, 1913, said city amended said franchise by extending the period of time to 1963. The City of Jackson filed a motion to dismiss the bill, and upon the hearing, it was sustained. An appeal is now being perfected to the United States Circuit Court of Appeals for the Sixth District.

[fol. 1987] COMPLAINANTS' EXHIBIT No. 4


Memorandum of Orders by the Tennessee Railroad and Public Utilities Commission Approving the Issuance of Franchises Held by The Tennessee Electric Power Co.

(Omitted)

COMPLAINANTS' EXHIBIT No. 5

Memorandum of Orders by the Tennessee Railroad and Public Utilities Commission Approving the Assignments of Franchises to The Tennessee Electric Power Co., and Consents by Municipalities to Assignments of Franchises to said Company.

(Omitted)



[fol. 1988]

COMPLAINANTS' EXHIBIT No. 6

The Tennessee Electric Power Company

Taxes Paid for the Years 1932 to 1936 Inclusive and Estimated for 1937

| Kind of Tax | 1932 | 1933 | 1934 | 1935 | 1936 | Est'd. Year 1937 |
|--|--------------|--------------|--------------|--------------|--------------|---------------------|
| Real and Personal Property..... | 1,351,563.93 | 1,418,093.55 | 1,443,225.36 | 1,536,813.39 | 1,549,404.37 | 1,550,000.00 |
| Federal Bond Tax Paid at Source..... | 17,137.35 | 22,443.96 | 21,095.44 | 10,645.84 | 18,615.38 | 20,000.00 |
| Federal Income..... | 7,500.00 | 42,701.21 | 141,280.78 | 56,061.64 | 121,527.42* | 197,000.00 |
| Federal Capital Stock..... | 16,002.00 | 20,000.00 | 19,269.00 | 35,000.00 | 34,338.00 | 34,338.00 |
| Federal 3% Excise on Electric Sales..... | | 50,238.27 | 147,379.04 | 169,343.95 | 189,581.05 | 215,500.00 |
| Federal Excise on Bank Checks, Telephone & Telegraph Tolls..... | 2,040.63 | 4,031.83 | 5,397.34 | 1,510.60 | 1,738.27 | 1,700.00 |
| Federal Social Security..... | | | | | 4,350.25 | 48,600.00 |
| Federal Documentary Stamps..... | 90.00 | 134.25 | | 350.00 | 400.00 | 100.00 |
| State Capital Stock (Franchise)..... | | | | 79,712.10 | 134,380.28 | 134,380.00 |
| State Excise and Income..... | 38,313.34 | 17.35 | 17.52 | 8,787.90 | | 34,205.00 |
| State Self Insurers (Tennessee)..... | 2,625.31 | 2,125.33 | 1,340.54 | 1,767.68 | 1,560.37 | 1,723.00 |
| State Gross Receipts..... | | | | | | 128,909.00 |
| State Unemployment (Social Security)..... | | | | | 38,725.05 | 77,500.00 |
| State R. R. and Public Utility..... | | | | | 16,132.23 | |
| Privilege License, Elec., Rwy., Bus, Water, Ice & Mdee..... | 5,044.55 | 9,310.77 | 7,252.49 | 15,737.67 | | |
| State Corporation Filing Fees..... | 41,727.99 | 49,185.15 | 43,517.09 | 48,146.23 | 47,355.10 | 46,500.00 |
| Motor Vehicle License Plates..... | 10,162.29 | 8,730.85 | 10,545.20 | 13,354.55 | 150.00 | 650.00 |
| Gasoline (Bus Dept. Only)..... | 12,514.41 | 23,765.29 | 28,543.92 | 41,614.16 | 12,106.94 | 12,800.00 |
| Nashville Railway Franchise..... | 43,958.73 | 40,914.19 | 43,279.69 | 43,416.02 | 54,457.68 | 58,700.00 |
| Maryland Franchise..... | 1,800.00 | 1,800.00 | 1,800.00 | 1,800.00 | 46,315.32 | 44,200.00 |
| Pennsylvania Bond Tax Refunds..... | 5,178.55 | 5,973.73 | 4,069.02 | 4,930.21 | 1,800.00 | 1,800.00 |
| Total..... | 1,556,809.58 | 1,699,626.13 | 1,918,172.43 | 2,069,142.44 | 2,278,880.60 | 2,613,895.00 |

* Final installment on 1936 Federal Income Tax of \$40,500.00 has not been paid (due Dec. 15), therefore this amount is not included.

** Railroad and Public Utility Fees of \$16,068.96 are being charged direct to Operating Expenses during the year 1937.

| | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Gross Revenue..... | 11,540,510.14 | 11,250,351.96 | 12,225,494.23 | 13,216,964.20 | 14,795,642.88 | 16,118,793.00 |
| Per Cent of Gross Revenue..... | 13.5 | 15.1 | 15.7 | 15.7 | 15.4 | 16.2 |

[fol. 1989] COMPLAINANTS' EXHIBIT No. 7

Map Entitled "Transmission System and Connections" of
The Tennessee Electric Power Company

(Original Exhibit)

[fol. 1990] COMPLAINANTS' EXHIBIT No. 8

The Tennessee Electric Power Company Installed Capacity (Name Plate Ratings)
of Generating Stations in Kilowatts

| Owned: | Hydro-Electric | Steam | Fuel | Total |
|--------------------------------|----------------|---------|------|---------|
| Ocoee No. 1..... | 18,000 | 13,000 | ... | ... |
| Ocoee No. 2..... | 18,800 | ... | ... | ... |
| Hales Bar..... | 49,866 | 40,000 | ... | ... |
| Great Falls..... | 29,370 | ... | ... | ... |
| Blue Ridge..... | 20,000 | ... | ... | ... |
| Columbia..... | 800 | ... | ... | ... |
| Estill Springs..... | 800 | ... | ... | ... |
| Harms..... | 192 | ... | ... | ... |
| Lillard's Mill..... | 800 | ... | ... | ... |
| McMinnville..... | 250 | ... | ... | ... |
| Murfreesboro..... | 192 | ... | ... | ... |
| Shelbyville..... | 432 | ... | ... | ... |
| Sparta..... | 240 | ... | ... | ... |
| Nashville..... | ... | 48,000 | ... | ... |
| Erin..... | ... | 400 | ... | ... |
| Selmer..... | ... | 250 | ... | ... |
| Mascot..... | ... | 750 | ... | ... |
| Burns..... | ... | ... | 280 | ... |
| Lexington..... | ... | ... | 100 | ... |
| Jamestown..... | ... | 320 | 90 | ... |
| Oncida..... | ... | 700 | ... | ... |
| Byrdstown..... | ... | ... | 85 | ... |
| Celina..... | ... | ... | 172 | ... |
| Linden..... | ... | ... | 120 | ... |
| Leased: | | | | |
| Franklin Power & Light Co..... | ... | 1,800 | ... | ... |
| Hardwick Woolen Mills..... | ... | 500 | ... | ... |
| Penn-Dixie Cement Corp..... | ... | 3,000 | ... | ... |
| Tennessee Copper Co..... | ... | 1,200 | ... | ... |
| | 139,742 | 109,920 | 847 | 250,509 |

[fol. 1991] COMPLAINANTS' EXHIBIT No. 9

List of the Tennessee Electric Power Company Interconnections

| Company | Location | Federal Power Commission Capacity |
|-------------------------------------|--------------------|---|
| Aluminum Company..... | Alcoa, Tenn. | 25,000 kva. |
| Carolina Power & Light Company..... | Knoxville, Tenn. | 60,000 kva. |
| Kentucky Utilities Company..... | Pruden, Tenn. | 2,000 kva. |
| Alabama Power Company..... | Wilson Dam, Ala. | 40,000 kva. |
| Georgia Power Company..... | Chattanooga, Tenn. | 40,000 kva. |

[Vol. 1922]

COMPLAINANTS' EXHIBIT NO. 10
The Tennessee Electric Power Company
(Consolidated)

| Year | Miles of Transmission Line | Miles of Distribution Line | Installed Gen- erating Capacity in Kilowatts | Number of Customers (Dec. 31)* | Total Kw-hr. Sales** | Total Industrial Sales | % |
|----------------|----------------------------------|----------------------------------|--|--------------------------------------|----------------------------|------------------------------|------|
| 1927 | 803 | 1,641 | 214,232 | 91,259 | 405,680,862 | 312,154,986 | 76.9 |
| 1928 | 833 | 2,286 | 215,457 | 94,707 | 464,796,055 | 356,740,150 | 76.8 |
| 1929 | 913 | 2,515 | 216,574 | 115,239 | 532,778,034 | 414,088,210 | 77.7 |
| 1930 | 1,526 | 2,833 | 220,976 | 119,229 | 485,454,910 | 387,907,289 | 79.9 |
| 1931 | 1,553 | 4,098 | 240,680 | 115,929 | 438,196,805 | 309,274,010 | 70.6 |
| 1932 | 1,529 | 4,218 | 240,680 | 111,404 | 353,120,939 | 234,721,302 | 66.5 |
| 1933 | 1,518 | 4,264 | 241,890 | 108,715 | 353,859,026 | 266,677,988 | 69.5 |
| 1934 | 1,516 | 4,358 | 241,690 | 115,740 | 478,232,531 | 330,770,521 | 69.2 |
| 1935 | 1,537 | 4,467 | 242,843 | 122,321 | 555,587,619 | 367,988,257 | 66.2 |
| 1936 | 1,557 | 4,996 | 250,509 | 132,413 | 682,272,122 | 446,871,399 | 65.5 |
| Sept. 30, 1937 | 1,550 | 5,226 | 250,509 | 136,470 | 767,646,665 | 496,923,761 | 64.7 |

| Year | Residential Kw-hr. Use per Customer | Residential Average Revenue Per Customer | Residential Average Rate per Kw-hr. | Communities Served |
|----------------|---|--|---|-----------------------|
| 1927 | 412.6 | \$20.58 | 7.17 cents | 123 |
| 1928 | 462.6 | 31.69 | 6.85 | 144 |
| 1929 | 503.1 | 33.45 | 6.65 | 287 |
| 1930 | 531.8 | 34.26 | 6.44 | 328 |
| 1931 | 575.9 | 35.70 | 6.20 | 351 |
| 1932 | 591.1 | 36.25 | 6.13 | 370 |
| 1933 | 611.7 | 35.31 | 5.77 | 395 |
| 1934 | 774.1 | 31.96 | 4.13 | 402 |
| 1935 | 965.6 | 35.04 | 3.63 | 412 |
| 1936 | 1,175.8 | 36.77 | 3.13 | 443 |
| Sept. 30, 1937 | 1,318.5 | 38.20 | 2.90 | 455 |

Notes: * Includes the customers of the Nashville Railway & Light Co., the physical properties of which were acquired by The Tennessee Electric Power Company in 1930.

** Excludes sales to Georgia Power Co., Alabama Power Co., Southern Tennessee Power Co., Carolina Power & Light Co., Franklin Power & Light Co., Kentucky-Tennessee Light & Power Co., Knoxville Power & Light Co., Tennessee Public Service Co. and Aluminum Co. of America.

[fol. 1993] COMPLAINTANTS' EXHIBIT No. 11

Residential Rate Reductions

| | Annual Average Rate per Kw-Hr. |
|---|-----------------------------------|
| December, 1925..... | 7.98¢ |
| January 20, 1926. Revision of separate meter cooking and heating rate. | |
| May 1, 1926. Revision of lighting rate and lighting, cooking and refrigeration rate. | |
| May 22, 1926. Filing of new lighting, cooking and refrigeration rate. | |
| December, 1926..... | 7.55¢ |
| December, 1927..... | 7.17¢ |
| December, 1928..... | 6.85¢ |
| September 20, 1929. Revision of lighting rate. | |
| December, 1929..... | 6.65¢ |
| January 1, 1930. Filing of new lighting rate and new lighting, cooking and refrigeration rate for acquired territory. | |
| December 2, 1930. Revision of lighting rate and filing new lighting, cooking and refrigeration rate. | |
| December, 1930..... | 6.44¢ |
| December, 1931..... | 6.20¢ |
| January 1, 1932. Filing of new lighting rate and new lighting, cooking and refrigeration rate for towns not on transmission system. | |
| December, 1932..... | 6.13¢ |
| July 1, 1933. Filing of new lighting, cooking and refrigeration rate. | |
| December, 1933..... | 5.77¢ |
| February 1, 1934. Filing of new lighting, cooking and refrigeration rates. | |
| December, 1934..... | 4.13¢ |
| February 1, 1935. Revision of lighting, cooking and refrigeration rates. | |
| March 1, 1935. Revision of lighting, cooking and refrigeration rates. | |
| December, 1935..... | 3.63¢ |
| February 1, 1936. Revision of lighting, cooking and refrigeration rates. | |
| May 1, 1936. Filing of new lighting, cooking and refrigeration rate. | |
| December, 1936..... | 3.13¢ |
| May 1, 1937. Revision of lighting, cooking and refrigeration rate. | |
| September, 1937..... | 2.90¢ |

[fol. 1994] COMPLAINANTS' EXHIBIT No. 12

**Map of the State of Mississippi Showing the Transmission
and Distribution System of Mississippi Power Company
and the Transmission and Distribution Facilities of
Others Within the State**

(Original Exhibit)

[fol. 1995] COMPLAINANTS' EXHIBIT No. 13

Mississippi Power Company**Generating Plants Owned or Subject to Lease or Contract**

| Name of Plant | Type of Plant & Kind of Unit | Installed Capacity kw. |
|---|---------------------------------|------------------------------|
| Owned: | | |
| Bay Springs..... | Oil Engine..... | 38 |
| Columbus..... | Steam—T & E..... | 780 |
| Gulfport..... | Steam Turbo..... | 7,500 |
| Hattiesburg..... | Steam Turbo..... | 1,000 |
| Laurel..... | Steam Turbo..... | 2,300 |
| Meridian..... | Steam—T & E..... | 4,720 |
| Macon..... | Oil Engine..... | 240 |
| Newton..... | Oil Engine..... | 840 |
| Pascagoula..... | Steam Engine..... | 192 |
| Poplarville..... | Oil Engine..... | 160 |
| Purvis..... | Oil Engine..... | 104 |
| | | <hr/> |
| | | 17,874 |
| Isolated Plants: | | |
| Waynesboro..... | Oil Engine..... | 480 |
| Lucedale..... | Oil Engine..... | 204 |
| Leakesville..... | Oil Engine..... | 144 |
| | | <hr/> |
| | | 828 |
| Total Owned..... | | <hr/> |
| | | 18,702 |
| Customers' Plants: | | |
| Alden Mills..... | Steam Engine..... | 150 |
| Stonewall Cotton Mill..... | Steam Turbo..... | 1,000 |
| West Point—City..... | Steam—Oil..... | 700 |
| | | <hr/> |
| | | 1,850 |
| Purchased Capacities: | | |
| Goodyear Yellow Pine Lumber Company..... | Steam Turbo..... | 4,600 |
| | | <hr/> |
| Total Installed Capacity..... | | <hr/> |
| | | 25,152 |

[fol. 1996] COMPLAINANTS' EXHIBIT No. 4

Mississippi Power Company—Data on Cities, Towns and Communities Served by Mississippi Power Company

| Town | Population | Date Acquired | Purchased or Constructed | Service Prior Acquisition by Company | Top Rate for Residential Service Prior Acquisition by Company |
|-----------------|------------|---------------|--------------------------|--------------------------------------|---|
| Aberdeen | 3,925 | 3.9.26 | Purchased | 24 hrs. | 15¢ |
| Ackerman | 1,169 | 6.25.25 | " | 18 hrs. | 19¢ |
| Artesia | 612 | 9.1.28 | " | 24 " | 15¢ |
| Bassfield | 334 | 5.1.30 | " | 24 " | 12¢ |
| Bay St. Louis | 3,724 | 1.1.25 | " | 24 " | 17¢ |
| Bay Springs | 927 | 4.1.30 | " | 24 " | 20¢ |
| Beaumont | 200 | 4.10.26 | Constructed | None | |
| Bellefontaine | 129 | 8.13.30 | " | | |
| Beauvoir | 150 | 1.1.25 | Purchased | 24 hrs. | 15¢ |
| Bent Oak | 25 | 2.2.28 | Constructed | None | |
| Biloxi | 14,850 | 1.1.25 | Purchased | 24 hrs. | 15¢ |
| Bond | 45 | 3.31.30 | Constructed | None | |
| Brooklyn | 250 | 3.31.30 | " | None | |
| Brooksville | 875 | 2.1.27 | Purchased | 18 hrs. | 12¢ |
| Calhoun City | 1,012 | 9.1.28 | " | 24 " | 15¢ |
| Carriere | 1,050 | 11.28.27 | Constructed | None | |
| Carson | 50 | 9.1.30 | " | | |
| Cartersville | 50 | .26 | " | | |
| Causerville | 75 | 9.1.30 | " | | |
| Chumky | 268 | 4.1.31 | " | | |
| Clermont Harbor | 125 | 1.1.25 | Purchased | 24 hrs. | 17¢ |
| Columbia | 4,833 | 3.1.25 | " | 24 " | 15¢ |
| Columbus | 10,743 | 9.1.26 | " | 24 " | 12 1/2¢ |
| Crawford | 349 | 6.1.27 | Constructed | None | |
| Currie | 20 | 3.31.30 | " | | |
| Cybur | 75 | .29 | " | | |
| Decatur | 654 | 4.1.30 | Purchased | 24 hrs. | 20¢ |
| DeKalb | 888 | 9.1.28 | " | 24 " | 15¢ |
| DeLisle | 115 | 10.27.27 | Constructed | None | |
| Derma | 456 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| DeSoto | 176 | 9.1.28 | Constructed | None | |
| Eatonville | 40 | 9.1.28 | " | | |
| Edgewater Park | 30 | 12.12.25 | " | | |
| Ellisville | 2,127 | 3.12.25 | Purchased | 24 hrs. | 15¢ |
| Escatawpa | 250 | 6.1.29 | Constructed | None | |
| Eastabuchie | | 9.1.30 | Constructed | " | |
| Eupora | 1,092 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Enterprise | 792 | 11.4.26 | " | 6 to 8 hrs. | 15¢ |
| Forest | 2,176 | 5.1.30 | " | 24 hrs. | 12 1/2¢ |
| Foxworth | 300 | 7.27.28 | Constructed | None | |
| French Camp | 181 | 11.1.30 | Constructed | " | |
| Fruitland Park | 75 | 3.31.30 | " | | |
| Gitano | 40 | 10.1.28 | " | | |
| Glendale | 100 | .29 | " | | |
| Gulf Hills | 30 | .26 | " | | |
| Gulfport | 12,547 | 1.1.25 | Purchased | 24 hrs. | 15¢ |
| Handsboro | 750 | 1.1.25 | " | 24 " | 15¢ |
| Harmony | 50 | 12.10.28 | Constructed | None | |
| [fol. 1997] | | | | | |
| Harvey | 75 | 4.16.25 | Constructed | None | |
| Harpersville | 200 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Hattiesburg | 18,601 | 4.16.25 | Purchased | 24 hrs. | 15¢ |
| Heidelberg | 653 | 1.1.28 | Constructed | None | |
| Henderson Point | 65 | 1.1.25 | Purchased | 24 hrs. | 15¢ |

COMPLAINANTS' EXHIBIT No. 14—Continued

Mississippi Power Company—Data on Cities, Towns, and Communities
Served by Mississippi Power Company—Continued

| Town | Popula- tion | Date Acquired | Purchased or Constructed | Service Prior Acquisition by Company | Top Rate for Residential Service Prior Acquisition by Company |
|------------------------|-----------------|------------------|-----------------------------|--|---|
| Hickory | 736 | 4.1.30 | Purchased | 24 hrs. | 20¢ |
| Hillsboro | 100 | 8.1.25 | Constructed | None | |
| Hillsdale | 10 | 9.1.30 | Constructed | None | |
| Houlka | 579 | 2.10.28 | Purchased | 12 hrs. | 17 1/2¢ |
| Houston | 1,477 | 4.7.25 | Purchased | 18 hrs. | 15¢ |
| Howison | 25 | 7.12.28 | Constructed | None | |
| Kewanee | 75 | 9.1.28 | Constructed | None | |
| Kreole | 250 | .29 | Constructed | None | |
| Landon | 60 | 2.10.29 | Constructed | None | |
| Lake | 375 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Laurel | 18,017 | 3.12.25 | Purchased | 24 hrs. | 15¢ |
| Lauderdale | 270 | 5.10.28 | Purchased | 6 hrs. | \$2.00 month |
| Lawrence | 175 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Leakesville | 662 | 4.1.30 | Purchased | 24 hrs. | 16¢ |
| Lena | 432 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Lockhart | 40 | 9.1.28 | Constructed | None | |
| Longview | 294 | 6.1.28 | Constructed | None | |
| Louisville | 3,013 | 6.23.25 | Purchased | 24 hrs. | 20¢ |
| Louin | 582 | 4.1.30 | Purchased | 24 hrs. | 20¢ |
| Lucedale | 834 | 4.1.30 | Purchased | 24 hrs. | 15¢ |
| Lumberton | 2,374 | 5.1.30 | Purchased | 24 hrs. | 14¢ |
| Long Beach | 1,346 | 1.1.25 | Purchased | 24 hrs. | 15¢ |
| Lux | 60 | 9.1.28 | Constructed | None | |
| Lyman | 500 | 6.1.29 | Constructed | None | |
| Maben | 508 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Macon | 2,198 | 9.1.28 | Purchased | 24 hrs. | 12¢ |
| Marion | 125 | 9.1.28 | Constructed | None | |
| Mathiston | 484 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Maxie | 20 | 3.31.30 | Constructed | None | |
| Meridian | 31,954 | 4.6.25 | Purchased | 24 hrs. | 12¢ |
| Mississippi City | 500 | 1.1.25 | Purchased | 24 hrs. | 15¢ |
| McHenry | 575 | 7.1.28 | Constructed | None | |
| McNeil | 450 | 6.1.28 | Constructed | None | |
| McLain | 250 | 4.10.28 | Constructed | None | |
| Moss Point | 2,453 | 7.10.25 | Purchased | 24 hrs. | 25¢ |
| Moselle | 204 | 9.1.28 | Constructed | None | |
| Montrose | 312 | 5.1.30 | Purchased | 24 hrs. | 12¢ |
| Muldon | 300 | 9.1.26 | Purchased | 24 hrs. | 17 1/2¢ |
| Neshoba | 175 | 9.1.30 | Constructed | None | |
| New Augusta | 500 | 4.1.30 | Purchased | 24 hrs. | 16¢ |
| Newton | 2,011 | 9.1.28 | Purchased | 24 hrs. | 10¢ |
| Noxapater | 526 | 2.1.27 | Purchased | 18 hrs. | 17 1/2¢ |
| Nugent | 50 | 2.40.29 | Constructed | None | |
| Ocean Springs | 1,663 | 1.1.25 | Purchased | 24 hrs. | 15¢ |
| Pachuta | 338 | 5.1.30 | Purchased | 24 hrs. | 12 1/2¢ |
| Pascagoula | 4,339 | 1.1.26 | Purchased | 24 hrs. | 20¢ |
| Pass Christian | 3,004 | 1.1.25 | Purchased | 24 hrs. | 15¢ |
| Perkinston | 350 | 7.12.28 | Constructed | None | |
| Penn Station | 25 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Petal | 300 | 4.15.25 | Purchased | 24 hrs. | 15¢ |
| Pheba | 427 | 6.13.30 | Constructed | None | |
| Philadelphia | 2,560 | 3.10.25 | Purchased | 24 hrs. | 25¢ |
| [fol. 1998] | | | | | |
| Pine Hills | | 12.12.26 | Constructed | None | |
| Pineville | 96 | .29 | Constructed | None | |

COMPLAINANTS' EXHIBIT No. 14—Continued

Mississippi Power Company—Data on Cities, Towns, and Communities Served by Mississippi Power Company—Continued

| Town | Popula- tion | Date Acquired | Purchased or Constructed | Top Rate for | |
|---------------------|-----------------|------------------|-----------------------------|--|---|
| | | | | Service Prior Acquisition by Company | Residential Service Prior Acquisition by Company |
| Picayune..... | 4,698 | 6.1.28 | Purchased | 24 hrs. | 15¢ |
| Poplarville..... | 1,498 | 9.1.28 | Purchased | 24 hrs. | 18¢ |
| Prairie..... | 155 | 7.17.27 | Constructed | None | |
| Purvis..... | 881 | 4.1.30 | Purchased | 24 hrs. | 15¢ |
| Quitman..... | 1,872 | 5.1.30 | Purchased | 24 hrs. | 15¢ |
| Richton..... | 950 | 4.12.28 | Purchased | 24 hrs. | 18¢ |
| Russell..... | 50 | 9.1.28 | Constructed | None | |
| Sandersville..... | 365 | 1.1.28 | Constructed | None | |
| Sanford..... | 625 | 9.1.28 | Constructed | None | |
| Saucier..... | 130 | 7.12.28 | Constructed | None | |
| Scoba..... | 933 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Seminary..... | 324 | 5.1.30 | Purchased | 24 hrs. | 12¢ |
| Seymour..... | 300 | 1.1.25 | Purchased | 24 hrs. | 15¢ |
| Shubuta..... | 720 | 3.4.27 | Purchased | 18 hrs. | 19¢ |
| Shuqualak..... | 810 | 9.1.28 | Purchased | 24 hrs. | 12¢ |
| Slate Springs..... | 190 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Soso..... | 214 | 10-1-23 | Constructed | None. | |
| Stafford Springs... | 25 | 12-15-27 | Constructed | None. | |
| Starkville..... | 3,612 | 3.14.25 | Purchased | 24 hrs. | 12¢ |
| Stonewall..... | 1,075 | 8.1.28 | Constructed | None | |
| Stringer..... | 50 | 4.1.30 | Purchased | 24 hrs. | 20¢ |
| Strongs..... | 100 | 9.1.26 | Purchased | 24 hrs. | 17 1/2¢ |
| Sturgis..... | 477 | 10.1.26 | Constructed | None | |
| Summerland..... | 75 | .28 | Constructed | None | |
| Sumrall..... | 1,364 | 5.1.30 | Purchased | 24 hrs. | 15¢ |
| Taylorville..... | 805 | 5.1.28 | Purchased | 24 hrs. | 20¢ |
| Toomsba..... | 300 | 9.1.28 | Constructed | None | |
| Topton..... | 25 | 9.1.28 | Constructed | None | |
| Union..... | 1,705 | 9.1.28 | Purchased | 24 hrs. | 12¢ |
| Vardaman..... | 627 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Vossburg..... | 432 | 1.1.28 | Constructed | None. | |
| Wahalak..... | 315 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Waltham..... | 124 | 6.19.30 | Constructed | None | |
| Waveland..... | 663 | 1.1.25 | Purchased | 24 hrs. | 17¢ |
| Walnut Grove.... | 753 | 9.1.28 | Purchased | 24 hrs. | 15¢ |
| Waynesboro..... | 1,120 | 4.1.30 | Purchased | 24 hrs. | 15¢ |
| Weir..... | 570 | 7.1.28 | Constructed | None. | |
| Wiggins..... | 1,074 | 5.1.30 | Purchased | 24 hrs. | 15¢ |
| Williamsville..... | 75 | 3.1.28 | Constructed | None. | |
| Wingate Station.. | 25 | .28 | Constructed | None | |

The following were municipally owned plants at date of purchase:

| | | | | | |
|------------------|-------|---------|-----------|---------|-----|
| Aberdeen..... | 3,925 | 3.9.25 | Purchased | 24 hrs. | 15¢ |
| Ackerman..... | 1,169 | 6.25.25 | " | 18 " | 19¢ |
| Brooksville..... | 875 | 2.1.27 | " | 18 " | 12¢ |
| Houston..... | 1,477 | 4.7.25 | " | 18 " | 15¢ |
| Louisville..... | 3,013 | 6.23.25 | " | 24 " | 20¢ |
| Moss Point..... | 2,453 | 7.10.25 | " | 24 " | 25¢ |
| Pascagoula..... | 4,339 | 1.1.26 | " | 24 " | 20¢ |
| Starkville..... | 3,612 | 3.14.25 | " | 24 " | 12¢ |

[fol. 1999] COMPLAINANTS' EXHIBIT No. 15

Mississippi Power Company

| Year | Miles Transmission Pole Lines | Miles Distribution Pole Lines | Number Customers as of 12/31 | Kwh. Sales to Regular Customers | Kwh. Sales to Industrial Customers |
|---------------------------|-------------------------------------|-------------------------------------|------------------------------------|---------------------------------------|--|
| 1925..... | 37. | 335. | 12,381 | 18,952,063 | ..... |
| 1926..... | 321.86 | 383.50 | 19,893 | 33,340,087 | ..... |
| 1927..... | 388.66 | 426.35 | 25,472 | 56,233,502 | ..... |
| 1928..... | 693.72 | 615.62 | 31,068 | 70,975,679 | ..... |
| 1929..... | 827.29 | 783.20 | 36,441 | 92,307,222 | ..... |
| 1930..... | 901.08 | 913.75 | 37,994 | 92,510,126 | 42,729,430 |
| 1931..... | 912.00 | 963.75 | 38,061 | 94,819,491 | 45,372,420 |
| 1932..... | 912.00 | 978.20 | 35,964 | 81,697,522 | 37,181,539 |
| 1933..... | 912.00 | 979.10 | 34,822 | 82,189,151 | 40,623,183 |
| 1934..... | 794.70* | 1,003.15* | 34,336* | 85,718,558 | 42,233,733 |
| 1935..... | 794.70 | 1,006.10 | 34,095 | 96,501,995 | 48,883,828 |
| 1936..... | 795.39 | 1,045.50 | 36,666 | 121,160,760 | 64,216,059 |
| Yr. Ending 7/31/37.... | 857.41 | 1,080.50 | 38,417 | 136,031,850 | 44,247,805 |

* Reduction % Transf. to TVA.

113.30 167.11 4,134

| Year | Residential kwh. Use Per Customer | Residential Average Revenue Per Customer | Residential Average Rate Per kwh. | Towns and Communities Served |
|---------------------------|---|--|---|------------------------------------|
| 1925..... | 190 | 25.84 | 13.6 | 27 |
| 1926..... | 233 | 29.47 | 12.66 | 46 |
| 1927..... | 355 | 30.15 | 8.49 | 67 |
| 1928..... | 379 | 30.96 | 8.17 | 136 |
| 1929..... | 431 | 33.07 | 7.67 | 145 |
| 1930..... | 524 | 34.79 | 6.64 | 173 |
| 1931..... | 576 | 35.84 | 6.22 | 179 |
| 1932..... | 577 | 35.82 | 6.20 | 179 |
| 1933..... | 555 | 34.19 | 6.16 | 179 |
| 1934..... | 594 | 32.71 | 5.50 | 147* |
| 1935..... | 655 | 34.08 | 5.21 | 147 |
| 1936..... | 758 | 35.50 | 4.68 | 147 |
| Yr. Ending 7/31/37.... | 803 | 36.68 | 4.57 | 147 |

* Reduction % Transf. to TVA

32

[col. 2000]

COMPLAINANTS' EXHIBIT No. 16

Mississippi Power Company

Statement of Number of Customers, Kwh. Sales and Revenue from Customers 100 Miles, 150 Miles and 250 Miles from Pickwick Dam for Years 1933 and 1936

| | 1933 | | | 1936 | | |
|--------------------------------------|--------------|---------------|------------------------------|--------------|---------------|------------------------------|
| | No. Cust. | Sales kwh. | Revenue From Energy Sales | No. Cust. | Sales kwh. | Revenue From Energy Sales |
| 100 Miles Radius Pickwick Dam: | | | | | | |
| Properties Now Served..... | 1,052 | 1,398,050 | 71,824.58 | 1,247 | 2,102,086 | 88,254.39 |
| Properties Transferred TVA 1934..... | 4,134 | 9,776,684 | 308,548.45 | ..... | ..... | ..... |
| Total..... | 5,186 | 11,174,734 | 380,375.03 | 1,247 | 2,102,086 | 88,254.39 |
| 150 Miles Radius Pickwick Dam: | | | | | | |
| Properties Now Served..... | 5,052 | 8,134,047 | 358,203.84 | 6,068 | 14,816,009 | 484,839.85 |
| Properties Transferred TVA 1934..... | 4,134 | 9,776,684 | 308,548.45 | ..... | ..... | ..... |
| Total..... | 9,186 | 17,910,731 | 666,752.29 | 6,068 | 14,816,009 | 484,839.85 |
| 250 Miles Radius Pickwick Dam: | | | | | | |
| Properties Now Served..... | 17,474 | 49,614,991 | 1,337,054.86 | 20,772 | 87,936,552 | 1,768,553.86 |
| Properties Transferred TVA 1934..... | 4,134 | 9,776,684 | 308,548.45 | ..... | ..... | ..... |
| Total..... | 21,608 | 59,391,675 | 1,645,603.31 | 20,772 | 87,936,552 | 1,768,553.86 |

[Vol. 2001]

COMPLAINANTS' EXHIBIT No. 17

Mississippi Power Company

Tax Payments for Years 1932-1937 Inclusive—1937 Estimated

| Description of Tax | 1937 | | | | | 1932 | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Estimated | 1936 | 1935 | 1934 | 1933 | 1933 | 1933 | 1933 | 1932 | 1932 |
| Local Real Estate and Personal | 253,000.00 | 263,061.07 | 236,700.76 | 241,638.35 | 305,228.73 | 305,228.73 | 305,228.73 | 305,228.73 | 317,394.8- | 317,394.8- |
| Federal Bond Tax Paid at Source | 3,900.00 | 3,685.50 | 3,889.54 | 3,908.70 | 3,841.95 | 3,841.95 | 3,841.95 | 3,841.95 | 3,878.8- | 3,878.8- |
| Federal 3% Excise on Electric Sales | 62,380.00 | 55,314.64 | 49,543.99 | 47,583.74 | 13,436.72 | 13,436.72 | 13,436.72 | 13,436.72 | | |
| Federal Excise, Documentary Stamps and Miscellaneous | | 1,188.20 | 950.74 | 1,810.27 | 1,961.79 | 1,961.79 | 1,961.79 | 1,961.79 | 989.52 | 989.52 |
| Federal Capital Stock | 5,727.00 | 6,113.50 | 3,496.50 | 4,997.00 | 1,251.00 | 1,251.00 | 1,251.00 | 1,251.00 | 500.50 | 500.50 |
| Pennsylvania and Massachusetts State Bond | 4,800.00 | 4,995.51 | 4,900.21 | 4,722.30 | 5,292.48 | 5,292.48 | 5,292.48 | 5,292.48 | 5,915.13 | 5,915.13 |
| Mississippi Capital Stock | 9,587.00 | 9,528.00 | 9,417.00 | 10,757.00 | 12,009.00 | 12,009.00 | 12,009.00 | 12,009.00 | 11,042.00 | 11,042.00 |
| Privilege Licenses | 1,657.00 | 1,640.00 | 2,366.00 | 2,331.36 | 2,309.19 | 2,309.19 | 2,309.19 | 2,309.19 | 4,167.33 | 4,167.33 |
| Motor Vehicle License Plates | 2,100.00 | 2,740.86 | 2,759.59 | 3,054.35 | 3,939.58 | 3,939.58 | 3,939.58 | 3,939.58 | 3,257.73 | 3,257.73 |
| State Gasoline Tax | | 5,063.28 | 5,003.04 | 4,719.30 | 4,724.76 | 4,724.76 | 4,724.76 | 4,724.76 | 4,782.00 | 4,782.00 |
| State Income | 38,000.00 | 20,753.24 | 3,720.48 | | | | | | | |
| Federal Income | 20,650.00 | | | | | | | | | |
| Federal Old Age Benefit | 7,375.00 | | | | | | | | | |
| Federal Unemployment | 1,540.00 | | | | | | | | | |
| State Unemployment—Mississippi | 12,600.00 | 6,320.74 | | | | | | | | |
| Gross Receipts Tax | 1,030.00 | 1,631.53 | 998.64 | 1,590.92 | 1,906.36 | 1,906.36 | 1,906.36 | 1,906.36 | 9,678.08 | 9,678.08 |
| Maine Franchise Tax | 1,425.00 | 1,425.00 | 1,425.00 | 1,425.00 | 1,425.00 | 1,425.00 | 1,425.00 | 1,425.00 | 1,575.0- | 1,575.0- |
| State Pole and Wire | 12,060.00 | 12,045.00 | 12,045.00 | 12,985.38 | 13,931.24 | 13,931.24 | 13,931.24 | 13,931.24 | 8,106.88 | 8,106.88 |
| State Vehicle Mileage | 60.00 | 105.25 | 67.13 | 51.61 | 52.11 | 52.11 | 52.11 | 52.11 | | |
| Total Taxes | 437,891.00 | 396,286.26 | 337,283.62 | 337,475.28 | 371,299.91 | 371,299.91 | 371,299.91 | 371,299.91 | 371,287.84 | 371,287.84 |
| Gross Revenue | 3,475,040.00 | 3,103,242.83 | 2,773,989.46 | 2,685,701.95 | 2,760,126.77 | 2,760,126.77 | 2,760,126.77 | 2,760,126.77 | 2,996,320.90 | 2,996,320.90 |
| % of Gross Revenue | 12.60 | 12.77 | 12.16 | 12.57 | 13.45 | 13.45 | 13.45 | 13.45 | 12.39 | 12.39 |

[fol. 2002] COMPLAINANTS' EXHIBIT No. 18

Copy of an Order by the Tennessee Railroad and Public Utilities Commission Approving the Issuance of an Electric Franchise by the Town of Franklin to Franklin Power & Light Company

(Omitted)

COMPLAINANTS' EXHIBIT No. 19

Copy of an Order by the Tennessee Railroad and Public Utilities Commission Approving the Extension of the Electric Franchise by the Town of Franklin to Franklin Power & Light Company

(Omitted)

[fol. 2003] COMPLAINANTS' EXHIBIT No. 20

Statement of Taxes Paid by Franklin Power & Light Co.

| State & County | 1932 | 1933 | 1934 | 1935 | 1936 |
|-------------------------|--------|----------|----------|----------|----------|
| Ad Valorem..... | 40.00 | 80.00 | 120.00 | 120.00 | 140.00 |
| Inspec. Fee & RR&PI.... | ..... | 120.59 | 180.74 | 193.50 | 207.21 |
| Franchise Tax..... | ..... | ..... | ..... | ..... | 262.50 |
| Property..... | 490.00 | 1,040.00 | 1,654.00 | 1,774.00 | 2,255.50 |
| Privilege License..... | ..... | 41.00 | 192.00 | 192.00 | 192.00 |
| Special School..... | ..... | ..... | 120.00 | 120.00 | ..... |
| Total..... | 530.00 | 1,281.59 | 2,266.74 | 2,399.50 | 3,057.21 |
| Town of Franklin | | | | | |
| License..... | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 |
| Property..... | ..... | 600.00 | 600.00 | 840.00 | 1,080.00 |
| Total..... | 97.00 | 697.00 | 697.00 | 937.00 | 1,177.00 |
| U. S. Government | | | | | |
| Capital Stock..... | ..... | 300.00 | 200.00 | 200.00 | 200.00 |
| Energy..... | ..... | 977.44 | 909.44 | 1,097.00 | 1,192.79 |
| Unemployment..... | ..... | ..... | ..... | ..... | 54.77 |
| Total..... | ..... | 1,277.44 | 1,109.44 | 1,297.60 | 1,447.56 |

Summary

| Year | State and County | Town of Franklin | U. S. Govm't | Total |
|-----------|------------------|------------------|--------------|----------|
| 1932..... | \$530.00 | \$97.00 | \$ 0 | \$627.00 |
| 1933..... | 1,281.59 | 697.00 | 1,277.94 | 3,256.53 |
| 1934..... | 2,266.74 | 697.00 | 1,109.44 | 4,073.18 |
| 1935..... | 2,399.50 | 937.00 | 1,297.60 | 4,634.10 |
| 1936..... | 3,057.21 | 1,177.00 | 1,447.56 | 5,681.77 |

[fol. 2004] COMPLAINANTS' EXHIBIT No. 21

Copy of an Order by the Tennessee Railroad and Public Utilities Commission Approving the Charter of Incorporation of Franklin Power & Light Company as a Certificate of Necessity and Convenience and Approving the Issuance of Common Stock

(Omitted)

COMPLAINANTS' EXHIBIT No. 22

Copy of an Order by the Tennessee Railroad and Public Utilities Commission Approving the Issuance of Bonds by Franklin Power & Light Company in the Amount of \$100,000.00

(Omitted)

[fol. 2005] COMPLAINANTS' EXHIBIT No. 23

Franklin Power & Light Company

Franklin, Tennessee

| Year | Kwh. Sales to Regular Customers | Number of Customers | Gross Electric Revenue |
|-----------------------------|------------------------------------|------------------------|---------------------------|
| 1933..... | 2,001,683 | 754 | \$61,106.60 |
| 1934..... | 2,479,233 | 811 | 63,742.28 |
| 1935..... | 2,727,871 | 859 | 68,240.36 |
| 1936..... | 3,219,758 | 901 | 73,366.12 |
| Year ending July 31, 1937.. | 2,187,789 | 936 | 46,219.80 |

Tennessee Public Service Company, Knoxville, Tennessee

Tax Payments for Years 1932-1937 Inclusive—1937 Estimated

| Description of Tax | Estimated | 1936 | 1935 | 1934 | 1933 | 1932 |
|--|----------------|--------------|--------------|--------------|--------------|--------------|
| Real Estate and Personal | \$323,808.00 | \$310,338.78 | \$313,408.76 | \$205,341.02 | \$284,001.43 | \$282,654.21 |
| Franchise—State of Maine | 2,850.00 | 2,850.00 | 2,850.00 | 2,850.00 | 2,850.00 | 4,237.50 |
| Franchise—State of Tennessee | 17,000.00 | 16,933.50 | 16,285.23 | | | |
| Privilege Licensees, Electric, Railway, Bus and Merchandise | 3,120.00 | 10,718.30 | 10,543.08 | 10,691.02 | 10,694.52 | 8,817.04 |
| Motor Vehicle License Plates | 4,011.00 | 3,994.75 | 2,444.85 | 1,996.76 | 1,571.57 | 2,076.24 |
| Gasoline Tax—State of Tennessee | 31,500.00 | 23,454.05 | 17,356.50 | 8,877.54 | 6,952.45 | 7,294.27 |
| Public Utilities Commission Inspection, Control and Supervision Fees | 7,725.00 | 7,023.89 | 6,202.76 | 3,006.47 | 3,091.93 | 3,192.65 |
| Self-Insurers—State of Tennessee | 379.00 | 307.47 | 262.81 | 223.35 | 354.59 | 354.49 |
| Excise—State of Tennessee | 6,362.00 | 99.52 | 1,232.51 | 6,078.17 | 12,377.70 | 18,722.51 |
| State Corporate Filing Fee—(Foreign Corporation Tax) | 150.00 | 150.00 | 150.00 | 150.00 | 150.00 | 150.00 |
| Unemployment—State of Tennessee | 14,860.00 | 7,222.02 | | | | |
| Gross Receipts Privilege (3%) State of Tennessee | 38,042.00 | 333.50 | 319.00 | 343.50 | 377.00 | 392.50 |
| Federal Bond Tax Paid at Source | 53,450.00 | 45,634.94 | 39,657.70 | 38,127.93 | 11,707.17 | |
| Federal—3% Tax on Electrical Energy | | | | | | |
| Federal Excise, (Oil, Gasoline, Check Tax, Tires, Tubes, etc.) | 7,130.00 | 6,367.93 | 3,852.51 | 2,475.09 | 2,098.21 | 730.04 |
| Federal Capital Stock | 3,928.00 | 3,964.00 | 5,755.00 | 7,505.00 | 6,173.00 | 2,423.00 |
| Federal Income | 66,455.00 | 31,220.24 | 19,398.61 | 14,261.99 | | |
| Federal Old Age Benefits | 7,961.00 | | | | | |
| Federal Unemployment | 1,652.00 | 802.44 | | | | |
| Total Taxes | \$590,733.00 | \$471,335.33 | \$439,719.32 | \$391,915.84 | \$342,389.57 | \$331,034.45 |
| Gross Revenue | \$3,929,540.00 | 3,501,139.87 | 3,046,665.36 | 2,911,499.10 | 2,890,997.98 | 3,134,927.35 |
| % of Gross Revenue | 15.03 | 13.46 | 14.43 | 13.46 | 11.84 | 10.56 |

[fol. 2007] **COMPLAINANTS' EXHIBIT No. 25**

Memorandum of Franchises Granted Tennessee Public Service Company and Approval Thereof by the Tennessee Railroad and Public Utilities Commission

(Omitted)

COMPLAINANTS' EXHIBIT No. 26

Memorandum of Consents by Municipalities and Orders of Approval by the Tennessee Railroad and Public Utilities Commission to Assignments of Municipal and County Franchises to Tennessee Public Service Company

(Omitted)

COMPLAINANTS' EXHIBIT No. 27

Map of Generation, Transmission and Distribution System of Tennessee Public Service Company

(Original Exhibit)

Tennessee Public Service Company, Knoxville, Tennessee

Statement of Miles of Transmission and Distribution Lines; Average Annual Kwh. and Revenue per Residential Customer; Average Revenue per Kwh.—Residential; Number of Towns Served; Kwh. Sales to Regular Customers and Complainant Companies; Interdepartmental Kwh.; Industrial Kwh. Sales; and Percent Industrial Sales are of Kwh. Sales to Regular Customers.

| Item | 1927 | 1928 | 1929 | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 12 Months Ended 9-30-37 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------------------|
| 1. Number of Miles of Lines: | | | | | | | | | | | |
| (a) Transmission..... | 126.97 | 126.97 | 126.97 | 180.58 | 180.58 | 180.58 | 180.58 | 180.58 | 180.58 | 179.38 | 180.58 |
| (b) Distribution..... | 536.86 | 599.80 | 636.06 | 696.15 | 702.49 | 703.52 | 706.34 | 711.63 | 795.17 | 974.15 | 1,003.77 |
| 2. Average Annual Kwh. per Residential Customer..... | 383 | 410 | 457 | 504 | 550 | 567 | 571 | 623 | 736 | 856 | 926 |
| 3. Average Annual Revenue per Residential Customer..... | \$31.92 | \$32.65 | \$34.06 | \$36.04 | \$37.96 | \$38.15 | \$35.58 | \$32.21 | \$31.58 | \$34.08 | \$35.27 |
| 4. Average Revenue per Kwh. Sold—Residential..... | 8.33¢ | 7.97¢ | 7.46¢ | 7.14¢ | 6.90¢ | 6.73¢ | 6.23¢ | 5.17¢ | 4.29¢ | 3.98¢ | 3.81¢ |
| 5. Number of Towns and Communities Served..... | 16 | 17 | 21 | 25 | 27 | 27 | 27 | 27 | 31 | 35 | 37 |
| 6. Kwh. Sold to Regular Customers (Thousands)..... | 62,754 | 73,071 | 94,520 | 91,801 | 91,498 | 73,949 | 71,584 | 77,087 | 91,819 | 112,239 | 131,404 |
| Kwh. Sold to Complainant Companies (Thousands)..... | 103 | 161 | 448 | 605 | 958 | 1,161 | 1,223 | 1,424 | 1,530 | 1,731 | 1,949 |
| Kwh.—Interdepartmental (Thousands)..... | 10,594 | 10,146 | 10,172 | 9,208 | 8,060 | 7,071 | 6,341 | 6,804 | 6,108 | 5,702 | 5,623 |
| Total Kwh. (Thousands)..... | 73,451 | 83,378 | 105,140 | 101,704 | 100,546 | 82,181 | 79,148 | 85,315 | 99,457 | 119,732 | 138,976 |
| 7. Industrial Kwh. Sales (Thousands)..... | 43,500 | 51,998 | 69,789 | 62,632 | 60,972 | 44,283 | 43,270 | 43,593 | 50,948 | 61,843 | 73,209 |
| 8. Percent Industrial Kwh. Sales are of Kwh. Sold to Regular Customers..... | 69.32 | 71.16 | 73.84 | 68.23 | 66.64 | 59.88 | 60.45 | 56.55 | 55.49 | 55.10 | 55.76 |

Note: Tennessee Public Service Company acquired Knoxville Power & Light Company as of November 1, 1930. Figures on this statement are for these companies combined prior to that date.

[fol. 2009]

COMPLAINANTS' EXHIBIT No. 29

Map of the Transmission and Distribution System of Holston River Electric Company
(Original Exhibit)

[fol. 2010]

COMPLAINANTS' EXHIBIT No. 30

Holston River Electric Company, Knoxville, Tennessee

Statement of Number of Miles of Distribution Lines; Average Annual Kwh. and Revenue per Residential Customer; Average Revenue per Kwh.—Residential; Number of Towns Served; and Number of Kwh. Sold to Regular Customers

| Item | 1928 | 1929 | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 | 1936 | 12 Months ended 9-30-37 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------------|
| 1. Number of Miles of Distribution Lines..... | 51.44 | 51.67 | 88.22 | 87.84 | 96.16 | 95.95 | 96.00 | 97.85 | 98.28 | 98.54 |
| 2. Average Annual Kwh. per Residential Customer..... | 215 | 225 | 260 | 291 | 303 | 340 | 357 | 443 | 576 | 647 |
| 3. Average Annual Revenue per Residential Customer..... | \$21.10 | \$19.47 | \$21.65 | \$23.72 | \$23.30 | \$25.15 | \$25.88 | \$24.07 | \$26.08 | \$27.60 |
| 4. Average Revenue per Kwh. Sold—Residential..... | 9.80¢ | 8.66¢ | 8.33¢ | 8.16¢ | 7.69¢ | 7.39¢ | 7.25¢ | 5.44¢ | 4.53¢ | 4.14¢ |
| 5. Number of Towns and Communities Served..... | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| 6. Kwh. Sold to Regular Customers (Thousands)..... | 256 | 347 | 545 | 774 | 950 | 1,030 | 1,223 | 1,262 | 1,414 | 1,560 |

[fol. 2011]

COMPLAINANTS' EXHIBIT No. 31

Holston River Electric Company, Knoxville, Tennessee

Tax Payments for Years 1932-1937 Inclusive—1937 Estimated

| Description of Tax | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | Estimated | | | | | |
| Real Estate and Personal | \$3,250.00 | \$3,434.82 | \$3,434.82 | \$3,332.58 | \$3,377.45 | \$3,293.34 |
| Franchise—State of Tennessee | 355.00 | 355.50 | 172.50 | | | |
| Privilege Licenses, Electric and Merchandise | 135.00 | 340.00 | 349.98 | 337.00 | 300.34 | 231.11 |
| Motor Vehicle License Plates | 33.00 | 23.11 | 19.55 | 42.43 | 44.12 | 50.17 |
| Gasoline Tax—State of Tennessee | 219.00 | 227.29 | 193.80 | 187.48 | 183.68 | 197.78 |
| Public Utilities Commission Inspection, Control and Supervision Fees | 117.00 | 111.50 | 122.12 | 80.27 | 77.39 | 80.78 |
| State Corporate Filing Fee—(Domestic Corporation Tax) | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Unemployment—State of Tennessee | 130.00 | 65.13 | | | | |
| Gross Receipts Privilege (3%) State of Tennessee | 330.00 | | | | | |
| Federal—3% Tax on Electrical Energy | 900.00 | 803.87 | 753.64 | 753.42 | 222.78 | |
| Federal Excise (Gasoline, lubricants, telephone tolls, check, etc.) | 51.00 | 41.01 | 38.75 | 52.22 | 46.56 | 19.03 |
| Federal Old Age Benefits | 72.00 | | | | | |
| Federal Unemployment | 14.00 | 7.24 | | | | |
| Total Taxes | \$5,611.00 | \$5,414.47 | \$5,090.16 | \$4,790.40 | \$4,257.32 | \$3,877.21 |
| Gross Revenue | \$47,500.00 | \$42,913.71 | \$41,119.05 | \$44,110.49 | \$39,840.17 | \$39,729.22 |
| % of Gross Revenue | 11.81 | 12.62 | 12.38 | 10.86 | 10.69 | 9.76 |

[fol. 2012] COMPLAINANTS' EXHIBIT No. 32

Memorandum of Franchises Granted Holston River Electric Company and Approvals Thereof by the Tennessee Railroad and Public Utilities Commission

(Omitted)

COMPLAINANTS' EXHIBIT No. 33

Map entitled "Distribution System" of Birmingham Electric Company

(Original Exhibit)

COMPLAINANTS' EXHIBIT No. 34

Copy of an Order of the Alabama Public Service Commission Dated November 5, 1925 Establishing Territories Within which Electric Service shall be Rendered singly by each of the applicants, Birmingham Electric Company and Alabama Power Company

(Omitted)

[fol. 2013] COMPLAINANTS' EXHIBIT No. 35

Birmingham Electric Company

| Year | Miles of Distribution Pole Lines | Number of Customers as of 12-31 | * Total Energy Sales | Inter- depart- mental | |
|----------------|--|---------------------------------------|----------------------------|-----------------------------|------------|
| 1927 | 920.56 | 58,855 | 250,438,269 | 47,971,419 | |
| 1928 | 990.76 | 64,507 | 263,332,277 | 48,330,407 | |
| 1929 | 1,017.43 | 62,223 | 258,510,156 | 46,547,986 | |
| 1930 | 1,038.31 | 59,105 | 248,166,678 | 43,071,968 | |
| 1931 | 1,046.42 | 57,535 | 224,043,902 | 37,808,219 | |
| 1932 | 1,046.47 | 51,080 | 171,715,670 | 34,673,994 | |
| 1933 | 1,043.77 | 56,744 | 167,707,652 | 33,269,847 | |
| 1934 | 1,044.95 | 59,278 | 188,218,224 | 36,929,878 | |
| Year ending | 1935 | 1,048.73 | 59,836 | 199,452,895 | 36,711,941 |
| August 31.. | 1936 | 1,052.81 | 64,971 | 243,758,587 | 35,645,187 |
| | 1937 | 1,057.52 | 68,110 | 262,031,584 | 34,014,479 |

| Year | Kwh. use per Residential Customer | Average Annual Revenue per Residential Customer | Residential Average rate Per Kwh.—\$ |
|----------------|---|---|--|
| 1932 | 519 | 33.24 | .0641 |
| 1933 | 493 | 29.19 | .0592 |
| 1934 | 521 | 27.22 | .0522 |
| Year ending | 1935 | 599 | .0474 |
| August 31.. | 1936 | 684 | .0419 |
| 1937 | 732 | 28.70 | .0392 |

| Year | Industrial Sales Kwh. | % of Total Energy Sales |
|------|--------------------------|----------------------------|
| 1933 | 74,084,194 | 44.17 |
| 1936 | 116,429,366 | 47.76 |

* Total Energy Sales includes Interdepartmental.

[fol. 2014]

COMPLAINANTS' EXHIBIT No. 36

Birmingham Electric Company Tax Payments for Years 1932-1937 Inclusive—1937 Estimated

| Description of Tax | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 |
|---|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Estimated | | | | | |
| Local Real Estate and Personal..... | 494,660.00 | 496,075.05 | 494,974.38 | 487,927.55 | 519,862.11 | 542,407.79 |
| Federal Bond Tax Paid at Source..... | 1,962.00 | 1,950.00 | 1,970.26 | 1,821.00 | 2,050.00 | 1,800.00 |
| Federal 3% Excise on Electric Sales..... | 93,995.00 | 85,560.86 | 78,084.11 | 75,925.65 | 19,971.57 | ..... |
| Federal Excise, Documentary Stamps and Miscellaneous..... | 9,444.00 | 12,033.69 | 2,719.57 | 2,037.84 | 2,012.84 | 221.88 |
| Federal Capital Stock..... | 11,686.00 | 12,920.10 | 8,346.90 | 8,184.00 | 7,826.00 | ..... |
| Pennsylvania State Bond..... | 1,136.00 | 1,032.25 | 746.81 | 772.07 | 660.21 | 694.42 |
| Alabama Franchise..... | 25,382.00 | 25,382.72 | 25,382.72 | 49,380.72 | 49,380.72 | 49,410.72 |
| Privilege Licenses, Electric, Railway, Bus, Steam and Merchandise..... | 151,791.00 | 139,343.04 | 133,431.97 | 121,559.55 | 136,035.46 | 164,897.74 |
| Motor Vehicle License Plates..... | 14,474.00 | 8,139.76 | 5,018.32 | 4,934.97 | 4,534.78 | 4,441.98 |
| State Gasoline Tax..... | 28,250.00 | 15,331.30 | 8,330.12 | 7,804.32 | 7,520.28 | ..... |
| Public Utility Commission Fee..... | 11,665.00 | 9,718.81 | 9,446.63 | 8,551.87 | 9,476.75 | 2,751.82 |
| State Income..... | 14,664.00 | ..... | ..... | ..... | ..... | ..... |
| State Sales..... | 1,027.00 | ..... | ..... | ..... | ..... | ..... |
| State Corporate Filing Fees..... | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 110.00 |
| Federal Income..... | 82,434.00 | ..... | ..... | ..... | ..... | ..... |
| Federal Old Age Benefits..... | 20,423.00 | ..... | ..... | ..... | ..... | ..... |
| Federal Unemployment..... | 4,667.00 | 2,100.58 | ..... | ..... | ..... | ..... |
| State Unemployment—Alabama..... | 42,010.00 | 18,905.31 | ..... | ..... | ..... | ..... |
| Gross Receipts Tax—Merchandise..... | 459.00 | ..... | ..... | ..... | ..... | ..... |
| Total Taxes..... | 1,009,329.00 | 828,593.47 | 768,551.79 | 768,999.54 | 758,930.72 | 766,736.35 |
| Gross Electric Operating Revenue..... | 4,093,609 | 4,602,312 | 4,154,197 | 3,947,920 | 3,734,685 | 4,320,150 |
| Gross Total Operating Revenue..... | 7,527,522 | 6,798,203 | 6,112,541 | 5,931,087 | 5,334,579 | 5,951,168 |
| % of Gross Total Operating Revenue..... | 13.41 | 12.19 | 12.57 | 12.97 | 14.23 | 12.88 |
| November 1, 1937. | | | | | | |

[fol. 2015] COMPLAINANTS' EXHIBIT No. 37

Map of the Transmission and Distribution System of Memphis Power & Light Company

(Original Exhibit)

(Here follows one paster, side folios 2016-2017)



2508A

[fol. 2016]

COMPLAINANTS' EXHIBIT No. 38

Memphis Power & Light Company, Statistical Data

| Year | Miles of Trans. Lines | Miles of Dist. Lines | Number Customers End of Yr. | Total Kwh. Sales to Customers | Kwh. Sales to Compl. & Non-Compl. Companies | Kwh. Sales to Customers in Co. Territory | Kwh. Sales to Industrial Customers | Kwh. Sales to Industrial Customers % of Territorial Sales | Residential Kwh. used per Customer | Revenue per Residential Customer | Residential Average Rate per Kwh. | Number Communities Served |
|----------------------------|-----------------------------|----------------------------|-----------------------------------|-------------------------------------|--|--|--|--|--|--|---|---------------------------------|
| 1924..... | 56 | 377 | 34,687 | 92,759,000 | ..... | 92,759,000 | 23,502,000 | 25.34 | 345 | 26.21 | .0758 | 3 |
| 1925..... | 127 | 403 | 39,996 | 101,894,000 | ..... | 101,894,000 | 27,955,000 | 27.44 | 363 | 27.51 | .0761 | 15 |
| 1926..... | 157 | 440 | 41,022 | 117,200,000 | ..... | 117,200,000 | 33,244,000 | 28.37 | 365 | 27.39 | .0751 | 23 |
| 1927..... | 186 | 465 | 45,322 | 145,645,000 | 16,210,000 | 129,435,000 | 36,208,000 | 27.97 | 415 | 30.56 | .0735 | 24 |
| 1928..... | 241 | 500 | 46,990 | 153,069,000 | 16,710,000 | 136,359,000 | 40,837,000 | 29.95 | 453 | 32.78 | .0724 | 28 |
| 1929..... | 272 | 540 | 49,338 | 160,766,000 | 11,304,000 | 149,462,000 | 48,948,000 | 32.75 | 509 | 35.91 | .0705 | 28 |
| 1930..... | 284 | 577 | 48,144 | 170,850,000 | 14,356,000 | 156,494,000 | 43,940,000 | 28.08 | 573 | 38.68 | .0675 | 28 |
| 1931..... | 290 | 623 | 48,247 | 166,535,000 | 15,708,000 | 150,827,000 | 42,281,000 | 28.03 | 594 | 39.50 | .0665 | 28 |
| 1932..... | 299 | 644 | 46,562 | 149,654,000 | 12,292,000 | 137,362,000 | 34,520,000 | 25.13 | 618 | 39.52 | .0640 | 29 |
| 1933..... | 299 | 648 | 47,632 | 141,861,000 | 10,500,000 | 131,361,000 | 34,369,000 | 26.16 | 606 | 34.83 | .0575 | 30 |
| 1934..... | 303 | 666 | 51,364 | 162,507,000 | 12,023,000 | 150,484,000 | 44,752,000 | 29.74 | 612 | 30.98 | .0506 | 30 |
| 1935..... | 308 | 716 | 52,935 | 169,822,000 | 13,265,000 | 156,557,000 | 43,438,000 | 27.75 | 66- | 32.61 | .0493 | 31 |
| 1936..... | 313 | 845 | 55,737 | 193,767,000 | 19,295,000 | 174,472,000 | 51,783,000 | 29.68 | 721 | 34.80 | .0482 | 37 |
| July 1937 (12 Mo.)..... | 319 | 905 | 56,952 | 212,386,000 | 20,498,000 | 191,888,000 | 61,841,000 | 32.23 | 755 | 35.78 | .0474 | 37 |

[fol. 2017]

COMPLAINANTS' EXHIBIT No. 39

Memorandum of Franchises Granted Memphis Power and Light Company and Approvals Thereof by
the Tennessee Railroad and Public Utilities Commission

(Omitted)

[fol. 2018]

COMPLAINANTS' EXHIBIT NO. 40
Memphis Power & Light Company

Statement of Taxes Paid—By Years to Which They Are Applicable—1932 to 1937 Inclusive (1937 Estimated)

| | 1932 | 1933 | 1934 | 1935 | 1936 | (Estimated) 1937 |
|---|--------------|--------------|--------------|--------------|-----------------------------|---------------------|
| 1 Federal Income..... | 148,968.94 | 120,806.21 | 131,791.79 | 179,173.94 | {147,064.03* 147,064.04} | 364,869.00 |
| 2 Federal Bond Tax at Source..... | 2,495.10 | 2,570.90 | 2,531.75 | 2,127.45 | 2,109.55 | 2,200.00 |
| 3 Federal 3% Energy Sales..... | | 24,440.32 | 83,941.32 | 88,937.06 | 95,878.57 | 103,000.00 |
| 4 Federal Capital Stock..... | 5,557.00 | 9,957.00 | 9,100.00 | 11,700.00 | 14,370.00 | 15,000.00 |
| 5 Federal Check Tax..... | 536.00 | 731.74 | 1,021.53 | | | |
| 6 Federal Unemployment..... | | | | | 1,559.10 | 3,300.00 |
| 7 Federal Old Age Benefit..... | | | | | | 15,000.00 |
| 8 Federal Miscellaneous..... | 44.70 | | | | | |
| 9 Ad Valorem—State of Tennessee..... | 16,444.20 | 16,440.21 | 16,454.62 | 16,441.74 | 16,440.90 | 17,214.00 |
| 10 Ad Valorem—County of Shelby..... | 187,062.93 | 187,007.05 | 187,152.62 | 182,913.91 | 180,890.24 | 180,400.00 |
| 11 Ad Valorem—City of Memphis..... | 400,707.00 | 395,141.63 | 395,141.63 | 395,141.63 | 395,141.63 | 395,142.00 |
| 12 Ad Valorem—Small Incorporated Towns..... | 704.08 | 581.32 | 664.03 | 634.38 | 622.25 | 772.00 |
| 13 Privilege—State of Tennessee..... | 6,696.39 | 6,283.09 | 5,867.17 | 7,026.40 | 5,622.28 | 5,000.00 |
| 14 Privilege—State of Tennessee Gross Receipts..... | | | | | | 107,975.00 |
| 15 Privilege—County of Shelby..... | 2,927.94 | 3,239.77 | 3,217.49 | 3,229.99 | 3,214.45 | 3,300.00 |
| 16 Privilege—City of Memphis..... | 8,231.66 | 8,159.86 | 8,224.69 | 8,513.29 | 8,411.78 | 9,000.00 |
| 17 Privilege—Small Incorporated Towns..... | 28.00 | 33.00 | 25.00 | 20.00 | 10.00 | 25.00 |
| 18 State of Tennessee Corporation Excise Tax..... | 41,244.70 | 34,919.38 | 27,985.22 | 21,800.56 | 29,695.49 | 30,000.00 |
| 19 State of Tennessee Franchise Tax..... | | | | 8,977.69 | | 30,750.00 |
| 20 State of Tennessee Unemployment Tax..... | | | | | 14,031.94 | 28,800.00 |
| 21 State of Tennessee Railroad and Public Utilities Commission Supervision Fee..... | 3,572.85 | 3,480.78 | 3,348.89 | 7,025.37 | 7,482.34 | 7,500.00 |
| 22 State of New Jersey Franchise Tax..... | 1,979.54 | 1,980.00 | 1,980.00 | 1,980.00 | 1,980.00 | 1,980.00 |
| 23 State of Pennsylvania Bond Tax..... | 187.68 | 203.52 | 335.59 | 284.70 | 206.23 | 300.00 |
| Total Taxes..... | 827,388.71 | 815,975.78 | 878,783.34 | 935,928.11 | 1,071,794.82 | 1,321,527.00 |
| Gross Revenues—Electric Energy Sales..... | 4,528,400.17 | 4,059,674.33 | 4,148,799.95 | 4,400,352.74 | 4,847,992.33 | 5,390,000.00 |
| Gross Revenues—Electric Other..... | 8,028.09† | 18,569.79 | 16,949.17 | 14,881.62 | 20,619.31 | 50,000.00 |
| Gross Revenues—Electric Total..... | 4,520,372.08 | 4,078,244.12 | 4,165,749.12 | 4,415,234.36 | 4,868,611.64 | 5,440,000.00 |
| Gross Revenues—Gas..... | 2,138,401.93 | 2,078,145.77 | 2,233,012.59 | 2,593,460.00 | 2,996,911.61 | 3,100,000.00 |
| Gross Revenues—Miscellaneous..... | 36,596.69 | 10,012.12 | 9,442.11 | 11,419.49 | 41,356.42 | 30,000.00 |
| Gross Revenues—Total..... | 6,695,370.70 | 6,166,402.01 | 6,408,203.82 | 7,020,113.85 | 7,906,879.67 | 8,570,000.00 |
| Per cent of Gross Revenues..... | 12.29 | 13.18 | 13.66 | 13.23 | 13.55 | 15.42 |

* To be paid after 7-31-37.

†Red in copy.

[fol. 2019] COMPLAINANTS' EXHIBIT No. 41

Map of Properties of Carolina Power and Light Company
(Original Exhibit)

[fol. 2020] COMPLAINANTS' EXHIBIT No. 42

Carolina Power & Light Company

Installed Capacity of Generating Plants Owned

| Name of Plant | Installed Capacity in Kilowatts Name Plate Rating |
|--|---|
| Waterville Hydro-Electric Plant..... | 108,000 |
| Tillery Hydro-Electric Plant..... | 62,000 |
| Blewett Hydro-Electric Plant..... | 24,600 |
| Marshall Hydro-Electric Plant..... | 3,000 |
| Buckhorn Hydro-Electric Plant..... | 2,900 |
| Weaver Hydro-Electric Plant..... | 2,500 |
| Carbonton Hydro-Electric Plant..... | 1,000 |
| Lockville Hydro-Electric Plant..... | 1,000 |
| Eury Hydro-Electric Plant..... | 600 |
| Lower Hydro-Electric Plant..... | 450 |
| Cape Fear Steam-Electric Plant..... | 30,000 |
| Elk Mountain Steam-Electric Plant..... | 13,000 |
| Total all Plants..... | 249,050 |

[fol. 2021] COMPLAINANTS' EXHIBIT No. 43

The Federal Power Commission

License On Navigable Waters

Project No. 432

North Carolina

Carolina Power & Light Company

Whereas, by Act of Congress, approved June 10, 1920 (41 Stat., 1063) designated therein as "The Federal Water Act" and hereinafter called "the Act," The Federal Power Commission, hereinafter called "the Commission," is au-

COMPLAINANTS' EXHIBIT No. 43

thorized and empowered, inter alia, to issue licenses for the purpose of constructing, operating, and maintaining dams, water conduits, reservoirs, power houses, transmission lines, or other project works necessary or convenient for the development, transmission and utilization of power across, along from or in any of the navigable waters of the United States, or upon any part of the public lands and reservations of the United States (including the Territories), or for the purpose of utilizing the surplus water or water power from any Government dam; and

Whereas, Carolina Power & Light Company hereinafter called "the Licensee," a corporation organized and existing under the laws of the State of North Carolina and having its office and principal place of business in the city of Raleigh, in the State of North Carolina has made application in due and proper form to the Commission for a license for a power project designated as Project No. 432 on the records of the Commission, and for authority to construct, maintain and operate, in the Big Pigeon River, in the vicinity of Waterville, in the County of Haywood, State of North Carolina certain project works, as hereinafter described, necessary or convenient for the development and improvement of navigation and for the development, transmission and utilization of power across, along, from and in navigable waters of the United States; and

Whereas, the Licensee has submitted to the Commission satisfactory evidence of its compliance with the laws of the State of North Carolina as required by Section 9, subsection (b) of the Act, and the Commission is satisfied as to the ability of the Licensee to carry out the plans for said project as filed with said application; and

Whereas, notice of said application has been given and published by the Commission, as required by Section 4 of the Act; full opportunity has been given to all interested parties to be heard, and no application for said project, or in conflict therewith, has been filed by any State or municipality; and

Whereas, the maps, plans and specifications of said project and of said project works, as hereinafter described, have [fol. 2022] been provisionally approved by the Commission, and the plans of the dam and other structures affecting

COMPLAINANTS' EXHIBIT No. 43

navigation have been approved by the Chief of Engineers and the Secretary of War; and

Whereas, the Commission has found that said project, as hereinafter described, will be best adapted to a comprehensive scheme of improvement and utilization of said waterway for the purposes of navigation, of water power development and other beneficial public uses; and

Whereas, the Commission did on the 20th day of October, 1926 find that the contemplated improvement is desirable and justified in the public interest for the purpose of improving or developing a waterway, namely, said Big Pigeon River for the use or benefit of interstate and foreign commerce, a certified copy of the records of the Commission containing such finding being hereto attached; and

Whereas, the Licensee, on the first day of November, 1926 pursuant to an authorization of its board of directors, a copy of the record thereof being hereto attached, accepted in writing all the terms and conditions of the Act and of this license;

Now, therefore, the Commission hereby issues this license to the Licensee for the purpose of constructing, operating and maintaining certain project works necessary or convenient for the development and improvement of navigation and for the development, transmission and utilization of power across, along, from or in the Big Pigeon River, navigable waters of the United States, and constituting a part of the project hereinafter described; said license, including the period thereof, being subject to all the terms and conditions of the Act and of the rules and regulations of the Commission pursuant thereto as amended and made effective on the first day of April, 1924 as though fully set forth herein, which said rules and regulations are attached hereto and made a part hereof, and being subject also to the following express conditions and limitations, to wit:

Article 1. This license is issued for a period of fifty (50) years from the date hereof, and in consideration of such license and the benefits and advantages accruing thereunder to the Licensee it is expressly agreed by the Licensee that the entire project, project area and project works as hereinafter designated and described, whether or not lo-

COMPLAINANTS' EXHIBIT No. 43

cated in, on or along said Big Pigeon River or upon lands of the United States, shall be subject to all the terms and conditions of this license, including the terms and conditions of the Act and of the rules and regulations of the Commission pursuant thereto and made a part of this license.

Article 2. The project covered by and subject to this license consists of

A. All lands constituting the project area and inclosed, or the location of which is shown, by the project boundary, and/or interests in such lands necessary or useful for the purposes of the project, whether such lands or interests therein are owned or held by the Licensee or by the United States; such project area and project boundary being more fully shown and described by certain exhibits which accompanied said application for license and which are designated and described as follows:

[fol. 2023] Exhibit J—Map in one sheet, designated "General Map Showing Inter-connected System, E-26725" (F. P. C. No. 432-1).

Exhibit K—Map in one sheet, designated "Plan Showing Land Ownership, Project Boundary, and Location of Structures, F-26699" (F. P. C. No. 432-2).

Exhibit J signed August 3, 1926 and Exhibit K July 30, 1926, Carolina Power & Light Company, By E. W. Hill, Vice President.

B. All project works consisting of—

(a) A dam and reservoir across and in said Big Pigeon River;

(b) A water conduit about 6 1/3 miles long, comprising an intake structure, a tunnel, and penstocks: and

(c) A power house and appurtenant equipment;

such project works being more fully shown and described by certain exhibits which accompanied said application for license and which are designated and described as follows:

Exhibits J and K cited above.

COMPLAINANTS' EXHIBIT No. 43

Exhibit L—Map in one sheet, designated “Plans, Profile, and Sections, F-26700” (F. P. C. No. 432-3).

Exhibit M—One typewritten sheet, designated “Description of Mechanical and Electrical Equipment.”

Each of the above exhibits signed July 30, 1926, Carolina Power & Light Company, by E. W. Hill, Vice President.

Exhibit L-1—Plan in one sheet, designated “Plan and Sections of Dam, F-27240” (F. P. C. No. 432-4). Signed Carolina Power & Light Company, by Wm. Darbee, Vice President.

C. All other structures, fixtures, equipment, or facilities used or useful in the maintenance and operation of the project and located upon the project area, including such portable property as may be used and useful in connection with the project or any part thereof, whether located on or off the project area, if and to the extent that the inclusion of such property as a part of the project works is approved or acquiesced in by the Commission; also all other rights, easements, or interests the ownership, use, occupancy or possession of which is necessary or appropriate in the maintenance and operation of the project or appurtenant to the project area.

Article 3. The maps, plans, specifications, and statements designated and described in Article 2 hereof as Exhibits J, K, L, L-1 and M, respectively, and provisionally approved by the Executive Secretary for the Commission in accordance with its authorization of October 20, 1926, are hereby [fol. 2024] made a part of this license, and no substantial change shall hereafter be made in said exhibits, or any of them, until such change shall have been approved by the Commission: Provided, however, that if the Licensee deems it necessary or desirable that said approved maps, plans, specifications and statements, or any of them, be changed there shall be submitted to the Commission for approval amended, supplemental, or additional maps, plans, specifications and statements covering the proposed changes, and upon approval by the Commission of such proposed changes such amended, supplemental or additional maps, plans, specifications and statements shall become a part of this license and shall supersede, in whole or in part, such map,

COMPLAINANTS' EXHIBIT No. 43

plan, specification, or statement, or part thereof, theretofore made a part of this license as may be specified, respectively, in the order or endorsement of approval.

Article 4. Said project works shall be constructed in substantial conformity with the approved maps, plans and specifications thereof made a part of this license and designated and described in Articles 2 and 3 hereof or as changed in accordance with the provisions of said Article 3. Except when emergency shall require for the protection of navigation, life, health, or property, no substantial alteration or addition not in conformity with the approved plans shall be made to any dam or other project works constructed under this license without the prior approval of the Commission; and any emergency alteration or addition so made shall thereafter be subject to such modification and change as the Commission shall direct. Minor changes in or divergence from such approved maps, plans, and specifications may be made in the course of construction, if such changes will not result in decrease in efficiency, in material increase in cost, or in impairment of the general scheme of development; but any such minor changes made without the prior approval of the Commission which in its judgment have produced or will produce any of such results shall be subject to such alteration as the Commission may direct.

Article 5. The work of construction under this license, whether or not conducted upon lands of the United States, shall be subject to the inspection and approval of the District Engineer, U. S. E. Office, Chattanooga, Tenn., or of such other officer or agent as the Commission may designate, who shall be the authorized representative of the Commission for such purposes. The Licensee shall notify such representative of the date upon which work will begin, and as far in advance thereof as said representative may reasonably specify, and shall notify him promptly in writing of any suspension of construction for a period of more than one week, and of its resumption and completion.

Article 6. Before beginning construction of the project works, the Licensee shall drill the dam site, shall submit to the representative of the Commission plans of all structures in sufficient detail to permit the checking of their safety and

COMPLAINANTS' EXHIBIT No. 43

adequacy, and shall obtain the approval by said representative of the plans for such structures before commencing the construction thereof.

Subject to the provisions of section 13 of the Act, the Licensee shall begin the construction of said project works within one year from the date of issuance hereof, shall thereafter, in good faith and with due diligence, prosecute such construction, and shall—

[fol. 2025] (a) On or before December 31, 1929 complete the initial installation to a capacity of not less than 35,000 horsepower; and

(b) From time to time thereafter construct such portions of the balance of said development, as in the judgment of the Commission may be necessary to supply the reasonable market demands, until the development shall have been completed to a capacity of not less than 70,000 horsepower; Provided, That all of said project works shall be completed on or before December 31, 1933.

Article 7. Upon the completion of the project works, or at such other time as the Commission may direct, the Licensee shall submit to the Commission for approval revised maps, plans, specifications, and statements, in so far as necessary to show any divergence from or variations in the project area as finally located or in the project works as constructed when compared with the area shown and the works designated or described in this license or in the maps, plans, specifications, and statements approved by the Commission under the provisions of Article 3 hereof, together with a statement in writing setting forth the reasons which in the opinion of the Licensee necessitated or justified variations in or divergence from the approved maps, plans, specifications, and statements. Such revised maps, plans, specifications, and statements shall, if and when approved by the Commission, be made a part of this license and shall, to the extent and in the particulars set forth in the order or endorsement of approval, be substituted for the maps, plans, specifications and statements theretofore approved by the Commission under the provisions of Article 3 hereof. The maps finally approved by the Commission and made a part of this license under the provisions of Article 3 and/or 7 hereof shall show

COMPLAINANTS' EXHIBIT No. 43

the project area to an adequate scale and the boundary thereof either by legal subdivisions, by metes and bounds survey, or by uniform offsets from center-line survey. Said project area shall include all lands without respect to ownership and whether or not the exact boundaries can be definitely fixed and determined, the use and occupancy of which are or will be valuable or serviceable in the maintenance and operation of the project; on which are located or to which are appurtenant the project works (other than portable property) and the rights, easements, or interests likewise valuable and serviceable; and the ownership or possession, or the right of use and occupancy, of which are subject to acquisition by the United States under the provisions of Section 14 of the Act. Said maps shall show the ownership of each parcel of land in said project area, and with respect to each parcel to which the Licensee has not the fee title, the character of the right of use and occupancy possessed by the Licensee together with the term of such right.

Article 8. In so far as any material is dredged or excavated in the prosecution of the work herein authorized, it shall be removed and deposited so it will not interfere with navigation and to the satisfaction of said District Engineer.

Article 9. For the purpose of determining the stage and flow of the stream or streams from which water is to be diverted for the operation of said project works and of the amount of water held in and drawn from storage, the Licensee shall install, as soon as practicable and thereafter maintain, a standard recording gage in the reservoir and such gaging stations or other means of stream-flow measurements as the representative of the Commission, hereinafter designated to supervise such work, may deem necessary and best adapted to the requirement; shall provide for the required readings of such gages and for the adequate rating of said station or stations. The Licensee shall also install [fol. 2026] and maintain standard meters adequate for the determination of the amount of electric energy generated by said project works. The number, character, and location of gages, meters or other measuring devices, and the method of operation thereof may be altered from time to time if necessary to secure adequate determinations, but such alteration shall not be made except with the approval

COMPLAINANTS' EXHIBIT No. 43

of the Commission or its authorized representative or upon the specific direction of the Commission. The installation of gages, the ratings of said stream or streams, and the determination of the flow thereof, shall be under the supervision of the District Engineer of the United States Geological Survey having charge of stream gaging operations in the region of said project, and the Licensee shall reimburse the said United States Geological Survey for costs incurred in such supervision or for such part thereof as said District Engineer may deem equitable in the circumstances. The Licensee shall keep accurate and sufficient record of the foregoing determinations to the satisfaction of the Commission, shall make return of such records annually, at such time and in such form as the Commission may prescribe.

Article 10. The Licensee shall be liable for all damages occasioned to the property of others by the construction, maintenance or operation of said project works, or of the works appurtenant or accessory thereto, and in no event shall the United States be liable therefor.

Article 11. In the construction and maintenance of the project works herein specified, the Licensee shall place and maintain suitable structures to reduce to a reasonable degree the liability of contact between its transmission lines and telegraph, telephone and other signal wires or power transmission lines not owned by the Licensee, and shall also place and maintain suitable structures and devices to reduce to a reasonable degree the liability of any structures or wires falling and obstructing traffic and endangering life on highways, streets, or railroads.

Article 12. The Licensee shall allow officers and employees of the United States free and unrestricted access in, through and across the said project and project works in the performance of their official duties.

Article 13. The operation of any navigation facilities which may be constructed as a part of or in connection with any dam or diversion structure built under the provisions of this license shall at all times be controlled by such reasonable rules and regulations in the interest of navigation, including the control of the level of the pool caused by such dam or diversion structure, as may be made from time to

COMPLAINANTS' EXHIBIT - No. 43

time by the Secretary of War. Such rules and regulations may include the maintenance and operation by the Licensee at its own expense of such lights and signals as may be directed by the Secretary of War, and such fishways as may be prescribed by the Secretary of Commerce.

Article 14. The Licensee shall construct and install such appliances as are necessary for furnishing power for the operation of navigation facilities, including lights and signals, whether constructed by the Licensee or by the United States; and shall furnish free of cost to the United States power for the operation of such navigation facilities.

Article 15. The United States specifically retains and safeguards the right to use water in such amount, to be determined by the Secretary of War as may be necessary for the purposes of navigation.

[fol. 2027] Article 16. The operations of the Licensee, so far as they affect the use, storage, and discharge from storage of the water of the Big Pigeon River, shall at all times be controlled by such reasonable rules and regulations as the Secretary of War may prescribe in the interest of navigation and as the Federal Power Commission may prescribe in the interest of flood control and of the fullest practicable utilization of the waters of said river for power purposes.

Article 17. The Licensee shall during the period of construction, preserve to the greatest practicable extent the scenic beauty of the territory within the project area, and before the completion of said construction shall restore, in so far as it is possible at reasonable cost, such scenic beauty as may have been injured by operations under control of the Licensee. Borrow pits and dumps shall be so located as to cause least scenic injury consistent with reasonable construction costs. Excavations and fills when unavoidable shall be left in a neat condition, and shall, if not thereby interfering with the operations of the project, be planted with grass, vines or shrubs. Unnecessary cutting of trees except when complete clearing is required shall be avoided and all brush and refuse incident to cutting or clearing shall be removed or destroyed. When any operations pertaining to the construction, maintenance or operation of

COMPLAINANTS' EXHIBIT No. 43

the project works are proposed that would materially mar the natural beauty, such operations shall not be undertaken unless and until the approval of the representative of the Commission charged with supervision of the project has been secured as to the method of conducting such work and the means proposed to be employed to protect the scenery and to remedy any damage temporarily inflicted.

Article 18. The Licensee shall permit the free use by the public for navigation or recreational purposes of the reservoir formed by said dam, and shall, when not inconsistent with the operation of said project, allow the construction of wharves or landings in the interest of navigation.

Article 19. The Licensee shall cut and remove or destroy to the satisfaction of said District Engineer, all brush and trees from that zone, within and adjacent to the area to be submerged, which is included between the contour of elevation 2,150 feet above mean sea level and a line 15 feet horizontally from the outside of the contour of elevation 2,200 feet above mean sea level for the initial development, and of the contour of elevation 2,250 above mean sea level for the ultimate development, and shall remove or destroy all floatable refuse or other material within said areas to be submerged. The Licensee shall also cut in such manner or so remove or destroy brush or trees within said area to be submerged that no part of such brush or trees shall project above said elevation of 2,150 feet.

Article 20. The Licensee shall take such measures as may be required by the Commission for the effective prevention of the breeding of malarial mosquitoes in the reservoir, and shall, before permitting the storage of water in said reservoir, submit to the Commission and secure its approval of a plan to accomplish this purpose.

Article 21. The Licensee shall, on or before December 31, 1927 prepare and submit to the Commission a complete engineering, economic, and financial report, satisfactory to the Commission, of the water storage and power possibilities of the Big Pigeon River between the upper limit of the [fol. 2028] project and Canton, North Carolina. Any field work necessary for such report shall be done by and at the expense of the Licensee, but the results thereof and all

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information in the report may be made public at the option of the Commission.

Article 22. The Licensee hereby agrees as a condition of this license that the amount to be entered upon the fixed capital accounts of said project and reported to the Commission as representing the actual legitimate cost thereof and the actual legitimate investment therein up to the date of this license, whether consisting of expenditures actually made, of charges accrued, or of liabilities or obligations incurred, shall be determined by the Commission in accordance with the provisions of the Act and of the regulations established thereunder; and it is further agreed by the Licensee that upon completion of the construction of each of the separable parts of said project for which dates of completion are specified in article 6 hereof or of any addition to or betterment of said project the Licensee shall file with the Commission a statement, under oath in duplicate, in such detail as the Commission may require, showing the actual legitimate cost of construction thereof, together with the price paid for water rights, rights of way, lands or interest in lands constituting any part of the project property subject to the provisions of this license, all as specified in regulation 20, section 2, of said rules and regulations. Such statement or statements shall include all proper and legitimate costs, whether incurred prior to the date of this license or on and after such date; and the Licensee shall, if requested by the Commission, show separately on such statement or statements the items and amounts of cost incurred prior to the issuance of this license as determined by the Commission as hereinbefore in this article provided, with such other details with respect to the cost of the project or any part thereof as the Commission may require. Each and every item of cost included in such statements shall be supported by proper voucher or other record; and any such voucher or record, or certified copy thereof, in support of any item properly includible in said cost shall become a part of the permanent records of said project and shall be kept and retained by the Licensee in the manner required by the Commission.

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Article 23. Whenever the Licensee is directly benefited by the construction work of another licensee, a permittee, or of the United States of a storage reservoir or other headwater improvement, the Licensee shall reimburse the owner of such reservoir or other improvement for such part of the annual charges for interest, maintenance and depreciation thereon as the Commission may deem equitable. The proportion of such charges to be paid by the Licensee shall be determined from time to time by the Commission. Whenever such reservoir or other improvement is constructed by the United States the Licensee shall pay similar charges into the Treasury of the United States upon bills rendered by the Commission.

Article 24. The Licensee shall pay to the United States reasonable annual charges for the purpose of reimbursing the United States for the costs of the administration of the Act and for recompensing it for the use, occupancy and enjoyment of its lands or other property hereinbefore described. The payment by the Licensee of such annual charges for any calendar year shall be made to the United States at the end of the year, or within thirty days thereafter, upon bills rendered or approved by the Commission. Such charges shall be determined in accordance with the provisions of Regulation 14 of said rules and regulations of the Commission, and for the purposes of such determination the power capacity of the project shall be taken as 23,760 horsepower.

[fol. 2029] Article 25. After the first twenty years of operation of said project under this license, out of surplus earned thereafter, if any, accumulated in excess of a specified reasonable rate of return upon the actual, legitimate investment of the Licensee in said project, all as defined in and determined by the provisions of Regulation 17 of said rules and regulations of the Commission, the Licensee shall establish and maintain amortization reserves, which reserves shall, in the discretion of the Commission, be held until the termination of the license or be applied from time to time in reduction of the net investment. Such specified rate of return shall, subject to the proviso of Paragraph A, Section 3 of said regulation, be one and one-half ($1\frac{1}{2}$) times the weighted average annual interest rate payable on

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the par value of the bona fide interest-bearing debt of the Licensee actually outstanding, in whole or in part, on account of project property at the beginning of the period of amortization and of each calendar year thereafter; such weighted average annual interest rate being determined as provided in Paragraphs B and C of Section 3 of said Regulation 17: Provided, That, if at the beginning of the period of amortization or of any calendar year thereafter, the outstanding interest-bearing debt of the Licensee on account of the project or projects under license, together with any other works or property operated in connection therewith, is less than 25 per cent of the actual, legitimate investment of the Licensee in said project or projects, then and in such event for the calendar year next following the specified rate of return shall be two (2) times the legal rate of interest in the State in which the project or major part thereof is located.

Subject to the provisions of Section 6 of said regulation, the following proportions of such surplus earnings shall be paid into and held in such amortization reserves: Of all surplus earnings up to and including 2 per cent upon the actual, legitimate investment, 30 per cent thereof shall be so paid; of all surplus earnings in excess of 2 per cent and not in excess of 4 per cent upon such investment, 50 per cent thereof shall be so paid; of all surplus earnings in excess of 4 per cent and not in excess of 6 per cent, 70 per cent thereof shall be so paid, and of all surplus earnings in excess of 6 per cent, 90 per cent thereof shall be so paid: Provided, That if at the end of any calendar year of the amortization period the Commission shall find that the accumulated earnings of the Licensee during the period of operation, including the first twenty (20) years thereof, have not yielded a fair return upon the actual, legitimate investment in the project or projects under license, the proportion of such surplus earnings for such calendar year, and for succeeding calendar years to be paid into such amortization reserves shall be ten (10) per cent thereof until such time as the accumulated earnings of the Licensee represent, in the judgment of the Commission, a fair return upon such investment for such period of operation.

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Article 26. No lease of said project or part thereof whereby the lessee is granted the exclusive occupancy, possession or use of project works for purposes of generating, transmitting or distributing power shall be made without the prior written approval of the Commission; and the Commission may, if in its judgment the situation warrants, require that all the conditions of this license, of the Act, and of said rules and regulations of the Commission shall be applicable to such lease and to such property so leased to the same extent as if the lessee were the Licensee hereunder: Provided, That the provisions of this article shall not apply to parts of the project or project works which may be used by another jointly with the Licensee under a [fol. 2030] contract or agreement whereby the Licensee retains the occupancy, possession, and control of the property so used and receives adequate consideration for such joint use, or to leases of land while not required for purposes of generating, transmitting, or distributing power, or to buildings or other property not built or used for said purposes, or to minor parts of the project or project works the leasing of which will not interfere with the usefulness or efficient operation of the project by the Licensee for said purposes.

Article 27. It is hereby understood and agreed that the Licensee, its successors and assigns will, during the period of this license, retain the possession of all project property covered by this license as issued or as hereafter amended, including the project area, the project works, and all franchises, easements, water rights, and rights of occupancy and use; and that none of such properties valuable and serviceable to the project and to the development, transmission, and distribution of power therefrom will be voluntarily sold, transferred, abandoned, or otherwise disposed of without the approval of the Commission: Provided, That a mortgage or trust deed or judicial sales made thereunder, or tax sales, shall not be deemed voluntary transfers within the meaning of this article. The Licensee further agrees, on behalf of itself, its successors and assigns, that, in the event said project is taken over by the United States upon the termination of this license, as provided in Section 14 of the Act, or is transferred to a new Licensee under the

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provisions of Section 15 of the Act, it will be responsible for and will make good any defect of title to or of right of user in any such project property which is necessary or appropriate or valuable and serviceable in the maintenance and operation of the project, and will pay and discharge or will assume responsibility for payment and discharge of all liens or incumbrances upon said project or project property created by said Licensee or created or incurred after the issuance of this license: Provided, That the provisions of this article are not intended to prevent the abandonment or the retirement from service of structures, equipment, or other project works in connection with replacements thereof when they become obsolete, inadequate, or inefficient for further service due to wear and tear, or to require the Licensee for the purpose of transferring the project to the United States or to a new Licensee to acquire any different title or right of user in any such project property than was necessary to acquire for its own purposes as Licensee.

Article 28. The Licensee shall abide by such reasonable regulation of the services to be rendered to customers or consumers of power, and of rates and charges of payment therefor, as may from time to time be prescribed by any duly constituted agency of the State in which the service is rendered or the rate charged; and in case of the development, transmission distribution, sale or use of power in public service by the Licensee or by its customers engaged in public service within a State which has not authorized and empowered a commission or other agency or agencies within said State to regulate and control the services to be rendered by the Licensee or by its customers engaged in public service, or the rates and charges of payment therefor, or the amount or character of securities to be issued by any of said parties, it is agreed as a condition of this license that jurisdiction is hereby conferred upon the Commission, upon complaint of any person aggrieved or upon its own initiative, to exercise such regulation and control until such time as the State shall have provided a commission or other authority for such regulation and control: Provided, That the jurisdiction of the Commission shall cease and determine as to each specific matter of regulation [fol. 2031] and control prescribed in this Article as soon as

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the State shall have provided a commission or other authority for the regulation and control of that specific matter.

Article 29. With the written consent of the Licensee, the Commission may by order made under its seal, and after the public notice required by Section 6 of the Act, modify, alter, enlarge or omit, in so far as authorized by law, any one or more of the conditions or provisions of this license.

Article 30. The enumeration herein of any rights reserved to the United States or to any State or municipality under the Act, or of any requirement of the Act or of said rules and regulations of the Commission shall not be construed in any degree as impairing any other rights so reserved by the Act or as limiting the force of any other requirement of said Act or of said regulations.

In Witness Whereof, the Federal Power Commission has caused its name and seal to be hereto signed and affixed by its Executive Secretary, O. C. Merrill, this 23rd day of November, 1926.

Federal Power Commission, by O. C. Merrill, Executive Secretary. (Seal.)

[fol. 2032] In testimony of acceptance of all the terms and conditions of the Federal Water Power Act of June 10, 1920, and of the further conditions imposed in the foregoing license, the Licensee, this first day of November 1926 has caused its name and corporate seal to be hereto signed and affixed by Wm. Darbee its Vice President pursuant to a resolution of its board of its directors, passed on the first day of November 1926 a certified copy of the record thereof being hereto attached.

Carolina Power & Light Company, by Wm. Darbee, Vice President.

Attest: E. P. Summerson, Secretary. (Seal.)

[fol. 2033] Carolina Power & Light Company

Resolved that Carolina Power & Light Company hereby accepts all the terms and conditions of the Federal Water Power Act of June 10, 1920, and the further conditions im-

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posed in the License to said Company authorized by the Federal Power Commission on October 20th, 1926, and that the President or a Vice President of such Company be and hereby is authorized and directed to execute under the corporate seal of said Company, attested by its Secretary or an Assistant Secretary, the acceptance of all the terms and conditions of said Act and of said License required by said Act.

I hereby certify that the above and foregoing is a true, correct and complete copy of a resolution duly adopted by the Board of Directors of Carolina Power & Light Company at a meeting thereof duly convened and held on November 1, 1926.

Witness my hand and the seal of Carolina Power & Light Company this 1st day of November, 1926.

E. P. Summerson, Secretary, Carolina Power & Light Company. (Seal.)

[fol. 2034] [Endorsed:] The Federal Power Commission to Carolina Power & Light Company. License Project No. 432. Waterville.

[fol. 2035] COMPLAINANTS' EXHIBIT No. 44

Federal Power Commission
Amendment No. 1 of License
Project No. 432—North Carolina
Carolina Power & Light Company

Whereas, under authority of the Federal Water Power Act of June 10, 1920 (41 Stat. 1063), the Federal Power Commission, hereinafter called "the Commission," on November 23, 1926, issued to the Carolina Power & Light Company, a corporation existing under the laws of the State of North Carolina and hereinafter called "the Licensee," a license for a power project designated as project No. 432 on the records of the Commission: and

Whereas, the Licensee filed applications on January 28, 1927, August 17, 1927, September 20, 1928, October 3, 1931, and January 3, 1934, with the Commission to amend said

COMPLAINANTS' EXHIBIT No. 44

license to provide for establishment of the project boundary and area, for a change in design of the project works, for a revised construction program, for a modification of the reservoir area to be cleared, and for approval of the maps, plans, and specifications of the project as finally constructed; and

Whereas, the Licensee by letter dated May 3, 1929, submitted to the Commission for approval, in accordance with the provisions of article 20 of the license, a proposed plan of the measures to be taken for the effective control of the breeding of malarial mosquitoes in the reservoir; and

Whereas, notice of said applications, in so far as they constitute an alteration of the license within the meaning of section 6 of the act, has been given and published by the Commission, and no objections to said applications have been filed; and

Whereas, the plans of the dam and other structures affecting navigation have been approved by the Chief of Engineers and the Secretary of War; and

Whereas, the Commission upon due consideration of said applications, at its meetings on October 15, 1934, and February 21, 1935, approved the revised maps, plans, and specifications of said redesigned project works and the method of controlling the breeding of malarial mosquitoes, and ordered that the license be amended, subject to certain conditions:

Now, Therefore, the license issued to the Licensee, as aforesaid, is hereby amended as follows, upon the express condition, however, that such amendment shall not operate to alter or amend said license in any other respect than as herein specified and shall not in any way constitute a waiver of any other part, provision, or condition of said license:

Paragraph I. Article 2 of said license is amended by superseding all exhibits cited therein by a new set of exhibits; so that said article shall read as follows:

[fol. 2036] Article 2. The project covered by and subject to this license consists of—

“A. All lands constituting the project area and inclosed, or the location of which is shown, by the project boundary, and/or interests in such lands necessary or useful for the

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purposes of the project, whether such lands or interests therein are owned or held by the Licensee or by the United States; such project area and project boundary being more fully shown and described by certain exhibits which accompanied said applications for amendment of license and which are designated and described as follows:

Exhibit K—Map in one sheet bearing serial No. F-32142, showing project boundary, and signed September 10, 1931, by Wm. Darbee, Vice President (FPC No. 432-18);

Exhibit K (a)—Map in one sheet bearing serial No. RF-6141, showing right of way for that part of 11 kv. power line to dam not on tunnel right of way, and signed December 26, 1933, by L. V. Sutton, President (FPC No. 432-24).

“B. All project works consisting of—

(a) A dam and reservoir across and in said Big Pigeon River;

(b) A water conduit about $6\frac{1}{3}$ miles long, comprising an intake structure, a tunnel, and penstocks;

(c) A power house with three 49,000-horsepower turbines and three 36,000-kilowatt generators, and appurtenant equipment; and

(d) An 110,000-volt step-up outdoor substation and an 11,000-volt power line between the power house and dam;

such project works being more fully shown and described by certain exhibits which accompanied said applications for amendment of the license and which are designated and described as follows:

Exhibits K and K(a) cited above

Exhibit L—Plans in 5 sheets signed September 10, 1931, by Wm. Darbee, Vice President:

Sheet 1 bearing serial No. F-32141 showing plans, profile, and sections of intake, conduits, power house, and substation (FPC No. 432-19);

Sheet 2 bearing serial No. F-32137 showing plan and sections of dam (FPC No. 432-20);

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[fol. 2037] Sheet 3 bearing serial No. F-32138 showing design data, plan, and section of dam (FPC No. 432-21);

Sheet 4 bearing serial No. F-32139 showing profiles on center line of dam and at the right abutment (FPC No. 432-22); and

Sheet 5 bearing Serial No. F-32140 showing tabulation of stresses in dam (FPC No. 432-23);

Exhibit M—A typewritten document in 7 sheets containing a description of mechanical and electrical equipment, signed December 26, 1933, by L. V. Sutton, President, and received in the office of the Commission on February 2, 1934

“C. All other structures, fixtures, equipment, or facilities used or useful in the maintenance and operation of the project and located upon the project area, including such portable property as may be used and useful in connection with the project or any part thereof, whether located on or off the project area, if and to the extent that the inclusion of such property as a part of the project works is approved or acquiesced in by the Commission; also all other rights, easements, or interests, the ownership, use, occupancy, or possession of which is necessary or appropriate in the maintenance and operation of the project or appurtenant to the project area.”

Paragraph II. Article 3 of said license is amended by deleting the words in the second, third, and fourth lines, reading “as Exhibits J, K, L, L-1, and M, respectively, and provisionally approved by the Executive Secretary for the Commission in accordance with its authorization of October 20, 1926,” and substituting therefor the words “and approved by the Commission”; so that said article shall read as follows:

“Article 3. The maps, plans, specifications, and statements designated in article 2 hereof and approved by the Commission are hereby made a part of this license, and no substantial change shall hereafter be made in said exhibits or any of them until such change shall have been approved by the Commission; provided, however, that if the Licensee deems it necessary or desirable that said approved maps, plans, specifications, and statements or any of them be changed, there shall be submitted to the Commission for ap-

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proval amended, supplemental, or additional maps, plans, specifications, and statements covering the proposed changes and upon approval by the Commission of such proposed changes, such amended, supplemental, or additional maps, plans, specifications, and statements shall become a part of this license and shall supersede in whole or in part such map, plan, specification, or statement or part thereof theretofore made a part of this license as may be specified, respectively, in the order or endorsement of approval."

Paragraph III. Article 6 of said license is amended by deletion of the first paragraph, by changing the capacity and number of units to be initially installed, and by changing the capacity of the ultimate installation; so that said article shall read as follows:

[fol. 2038] "Article 6. Subject to the provisions of section 13 of the act, the Licensee shall begin the construction of said project works on or before November 23, 1927, shall thereafter, in good faith and with due diligence, prosecute such construction, and shall—

"(a) On or before July 1, 1930, complete the construction of the dam to full height and the installation of two units and appurtenant equipment having a capacity of not less than 98,000 horsepower; and

"(b) On or before December 31, 1933, complete the project Works including the installation of a third unit and appurtenant equipment to a total capacity of not less than 147,000 horsepower."

Paragraph IV. Article 16 of said license is amended by adding another sentence; so that said article shall read as follows:

"Article 16. The operations of the Licensee, so far as they affect the use, storage, and discharge from storage of the water of the Big Pigeon River, shall at all times be controlled by such reasonable rules and regulations as the Secretary of War may prescribe in the interest of navigation and as the Federal Power Commission may prescribe in the interest of flood control and of the fullest practicable utilization of the waters of said river for power purposes.

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Unless otherwise directed by the Secretary of War in the interest of navigation, the Licensee may in the normal operation of the reservoir, draw down the pool to a minimum elevation of 2,169 feet above mean sea level."

Paragraph V. Article 19 of said license is amended by eliminating the clearing for the initial development and substituting the elevations 2,169 feet and 2,258 feet for 2,150 feet and 2,250 feet, respectively; so that said article shall read as follows:

"Article 19. The Licensee shall cut and remove or destroy to the satisfaction of said District Engineer, all brush and trees from that zone, within and adjacent to the area to be submerged, which is included between the contour of elevation 2,169 feet above mean sea level and a line 15 feet horizontally from and outside of the contour of elevation 2,258 feet above mean sea level, and shall remove or destroy all floatable refuse or other material within said area to be submerged. The Licensee shall also cut in such manner or so remove or destroy brush or trees within said area to be submerged that no part of such brush or trees shall project above said elevation 2,169 feet."

Paragraph VI. Article 20 of said license is amended by substituting therefor an entirely new article of like number and reading as follows:

"Article 20. In the interest of public health, the Licensee shall control mosquito production in shallow upper reaches of the reservoir by distribution of oil or diluted Paris green at such times and in such manner as may be directed by the Commission or by the State Board of Health of North Carolina and shall at all times be subject to the lawful jurisdiction of said Board of Health."

[fol. 2039] Paragraph VII. The following article is hereby added to said license:

"Article 31. The Licensee shall construct, when directed by the Commission, such works as the Commission may deem necessary for the protection of the toe of the dam against erosion."

COMPLAINANTS' EXHIBIT No. 44

In Witness Whereof, the Commission has caused its name and seal to be hereto signed and affixed by Frank R. McNinch, its Chairman, this 21st day of March, 1935.

Federal Power Commission, by Frank R. McNinch,
Chairman.

Attest: G. W. Lineweaver, Secretary. (Seal.)
RWC*TL.

[fol. 2040] In Testimony of Acceptance of all the terms and conditions of the foregoing instrument amending the license for project No. 432, the Licensee this 13th day of March, 1935, has caused its name and corporate seal to be hereto signed and affixed by L. V. Sutton, its President, pursuant to resolution of its board of directors passed on the 13th day of March 1935, a certified copy of the record thereof being hereto attached.

Carolina Power & Light Company, by L. V. Sutton,
President.

Attest: H. L. Martin, Asst. Secretary. (Seal.)
(Executed in triplicate.)

[fol. 2041] Carolina Power & Light Company

Resolved that Carolina Power & Light Company hereby accepts all the terms and conditions of amendment No. 1 of license Project No. 432—North Carolina—authorized by the Federal Power Commission to be granted to Carolina Power & Light Company, and that the President or a Vice President of this Company be and hereby is authorized and directed to execute, under the corporate seal of this Company, attested by its Secretary or Assistant Secretary, the acceptance of all the terms and conditions of said amendment No. 1.

I hereby certify that the above and foregoing is a true, correct and complete copy of a resolution duly adopted by the Board of Directors of Carolina Power & Light Company at a meeting thereof duly convened and held on March 13, 1935.

Witness my hand and the seal of Carolina Power & Light Company this 13th day of March, 1935.

H. L. Martin, Assistant Secretary. (Seal.)

COMPLAINANTS' EXHIBIT No. 44

[fol. 2042] [Endorsed:] Federal Power Commission to Carolina Power & Light Company. Amendment No. 1 of License Project No. 432—Waterville.

[fol. 2043] **COMPLAINANTS' EXHIBIT No. 45**

Map of the Transmission and Rural Distribution System of Carolina Power & Light Company, Communities Served and Location of Its Generating Facilities and Interconnections Within a 100 Mile, 150 Mile and 250 Mile Radius of Fontana Dam Site.

(Original Exhibit)

COMPLAINANTS' EXHIBIT No. 46
Carolina Power & Light Company, Raleigh, N. C.
Annual Kilowatt-Hour Sales

| | Total Incl. Sales to Other Companies | Total Entire Area Served | To Regular Customers Only | | |
|-----------------------|--|--------------------------------|--|--|--|
| | | | In Area Within 100 Miles of Fontana Dam Site | In Area Within 150 Miles of Fontana Dam Site | In Area Within 250 Miles of Fontana Dam Site |
| All Classes—1933..... | 807,787,829 | 375,515,053 | 74,010,009 | 75,568,700 | 209,557,390 |
| Industrial—1933..... | ..... | ..... | 53,970,316 | 55,321,938 | ..... |
| All Classes—1936..... | 867,039,798 | 536,521,801 | 115,802,557 | 118,167,621 | 309,197,905 |
| Industrial—1936..... | ..... | ..... | 83,553,403 | 85,530,602 | ..... |

[col. 2044]

[fol. 2045] COMPLAINTANTS' EXHIBIT No. 47

Carolina Power & Light Company, Raleigh, N. C.

| Year | Miles of Line 35 KV and Above Pole Lines | Miles of Line Less than 35 KV Pole Lines | Number of Customers As of 12-31 |
|------|--|--|---------------------------------------|
| 1927 | 1049 | 2336 | 63102 |
| 1928 | 1004 | 2812 | 69787 |
| 1929 | 1098 | 3139 | 70648 |
| 1930 | 1190 | 3484 | 66158 |
| 1931 | 1169 | 3614 | 65656 |
| 1932 | 1160 | 3659 | 62543 |
| 1933 | 1185 | 3632 | 65496 |
| 1934 | 1210 | 3798 | 69733 |
| 1935 | 1200 | 3933 | 74428 |
| 1936 | 1238 | 4996 | 83836 |

| Year ending July 31, 1937 | 1256* | 5921* | 90204 | |
|---------------------------------|--|--|---|---|
| Year | Residential Annual KWH Use Per Average Customer | Residential Average Annual Revenue per Customer | Residential Average Rate Per KWH | No. Towns and Communities Served |
| 1927 | 456 | \$34.80 | 7.67¢ | 190 |
| 1928 | 480 | 35.52 | 7.40 | 208 |
| 1929 | 515 | 37.14 | 7.20 | 217 |
| 1930 | 594 | 40.31 | 6.79 | 231 |
| 1931 | 654 | 42.07 | 6.44 | 236 |
| 1932 | 684 | 42.63 | 6.23 | 240 |
| 1933 | 659 | 39.24 | 5.96 | 240 |
| 1934 | 680 | 39.75 | 5.85 | 240 |
| 1935 | 858 | 39.67 | 4.62 | 241 |
| 1936 | 1020 | 38.78 | 3.80 | 267 |
| Year ending July 31, 1937 | 1109 | 39.28 | 3.54 | 272* |

* As of June 30, 1937.

COMPLAINANTS' EXHIBIT No. 48
Carolina Power & Light Company

Tax Payments for Years 1932-1937, Inclusive—1937 Estimated

| | 1937 | 1936 | 1935 | 1934 | 1933 | 1932 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Description of Tax | Estimated | | | | | |
| Local Real Estate and Personal..... | \$585,000.00 | \$487,995.15 | \$489,049.53 | \$474,147.62 | \$479,758.64 | \$585,730.15 |
| Privilege License, Electric, Ry. and Bus..... | 22,300.00 | 22,311.50 | 21,446.43 | 22,061.62 | 21,912.85 | 21,239.60 |
| State Privilege License..... | 2,160.00 | 2,160.00 | 2,160.00 | 1,700.00 | 1,585.00 | 4,362.01 |
| State 3% General Sales..... | 30,000.00 | 17,885.30 | 21,755.54 | 16,256.27 | 6,444.80 | 0 |
| State Gross Receipts Tax..... | 492,000.00 | 443,105.35 | 402,335.66 | 403,593.99 | 394,795.68 | 328,681.03 |
| Motor Vehicle License Plates..... | 7,250.00 | 7,428.57 | 5,331.73 | 5,875.98 | 6,927.87 | 6,744.34 |
| State Net Income Tax..... | 179,000.00 | 114,768.75 | 77,195.80 | 38,981.02 | 37,303.06 | 35,366.87 |
| Public Utility Commission Fee..... | 15,000.00 | 12,157.06 | 8,779.90 | 8,879.01 | 9,308.45 | 6,010.61 |
| State Corporate Filing Fee..... | 10.00 | 10.00 | 10.00 | 10.00 | 150.00 | 150.00 |
| State Real Estate and Personal..... | 20,800.00 | 20,761.14 | 21,047.79 | 20,765.29 | 20,917.97 | 14,432.71 |
| Kwh. Generating Tax..... | 15,000.00 | 9,203.85 | 6,780.59 | 4,465.14 | 8,040.65 | 0 |
| State Unemployment..... | 55,500.00 | 17,882.28 | 0 | 0 | 0 | 0 |
| Federal Tax on Checks..... | 0 | 0 | 51.44 | 1,350.96 | 1,361.53 | 360.22 |
| Federal 3% Tax on Electrical Energy..... | 139,400.00 | 121,649.85 | 112,427.26 | 109,235.67 | 19,603.31 | 0 |
| Federal Capital Stock Tax..... | 19,000.00 | 20,000.00 | 9,890.00 | 10,667.00 | 8,574.00 | 8,574.00 |
| Federal Net Income Tax..... | 326,900.00 | 212,422.74 | 106,518.38 | 11,000.00 | 0 | 3,173.19 |
| Federal Old Age Benefits..... | 4,000.00 | 0 | 0 | 0 | 0 | 0 |
| Federal Unemployment..... | 21,000.00 | 1,988.14 | 0 | 0 | 0 | 0 |
| Federal Tax on Bond Interest..... | 14,000.00 | 13,964.75 | 13,992.45 | 16,234.75 | 16,247.20 | 16,835.70 |
| Penn. State Tax on Bonds..... | 6,800.00 | 6,829.58 | 5,457.48 | 4,048.49 | 4,627.78 | 6,422.16 |
| State Gasoline Tax..... | 50,000.00 | 45,728.42 | 47,170.74 | 38,159.23 | 15,975.66 | 10,754.40 |
| Federal Excise and Miscellaneous..... | 23,000.00 | 22,307.48 | 20,659.45 | 17,633.69 | 20,238.02 | 0 |
| Self Insurers' Tax..... | 1,300.00 | 1,287.67 | 1,180.80 | 1,223.69 | 1,197.31 | 1,627.89 |
| Federal Regulatory Tax (Waterville)..... | 6,020.00 | 6,020.00 | 6,020.00 | 6,020.00 | 6,020.00 | 6,020.00 |
| Total Taxes..... | 2,035,440.00 | 1,607,877.58 | 1,379,260.97 | 1,210,309.42 | 1,080,989.78 | 1,054,484.88 |
| Gross Electric Revenue from sales of energy.. | 11,650,000.00 | 10,521,730.27 | 9,490,332.12 | 9,209,866.83 | 8,873,969.24 | 8,702,336.16 |
| Gross Revenues, Including non-operating and Other Income..... | 12,135,000.00 | 10,977,485.23 | 9,975,438.69 | 9,637,416.04 | 9,205,274.14 | 9,021,803.91 |
| % of Gross Revenue..... | 16.77 | 14.65 | 13.83 | 12.56 | 11.74 | 11.69 |
| October 31, 1937. | | | | | | |

[fol. 2047] COMPLAINANTS' EXHIBIT No. 49

Map entitled "Facilities of and Territory Served by Appalachian Electric Power Company, Kentucky & West Virginia Power Company, Inc., and Kingsport Utilities, Incorporated."

(Original Exhibit)

(Here follow four photolithographs, side folios 2048-2051)

2538A

COMPLAINANTS' EXHIBIT NO. 50

Exhibit

APPALACHIAN ELECTRIC POWER COMPANY
 INSTALLED GENERATING PLANT CAPACITY
 AS OF NOVEMBER 1, 1937

Steam Electric Plants

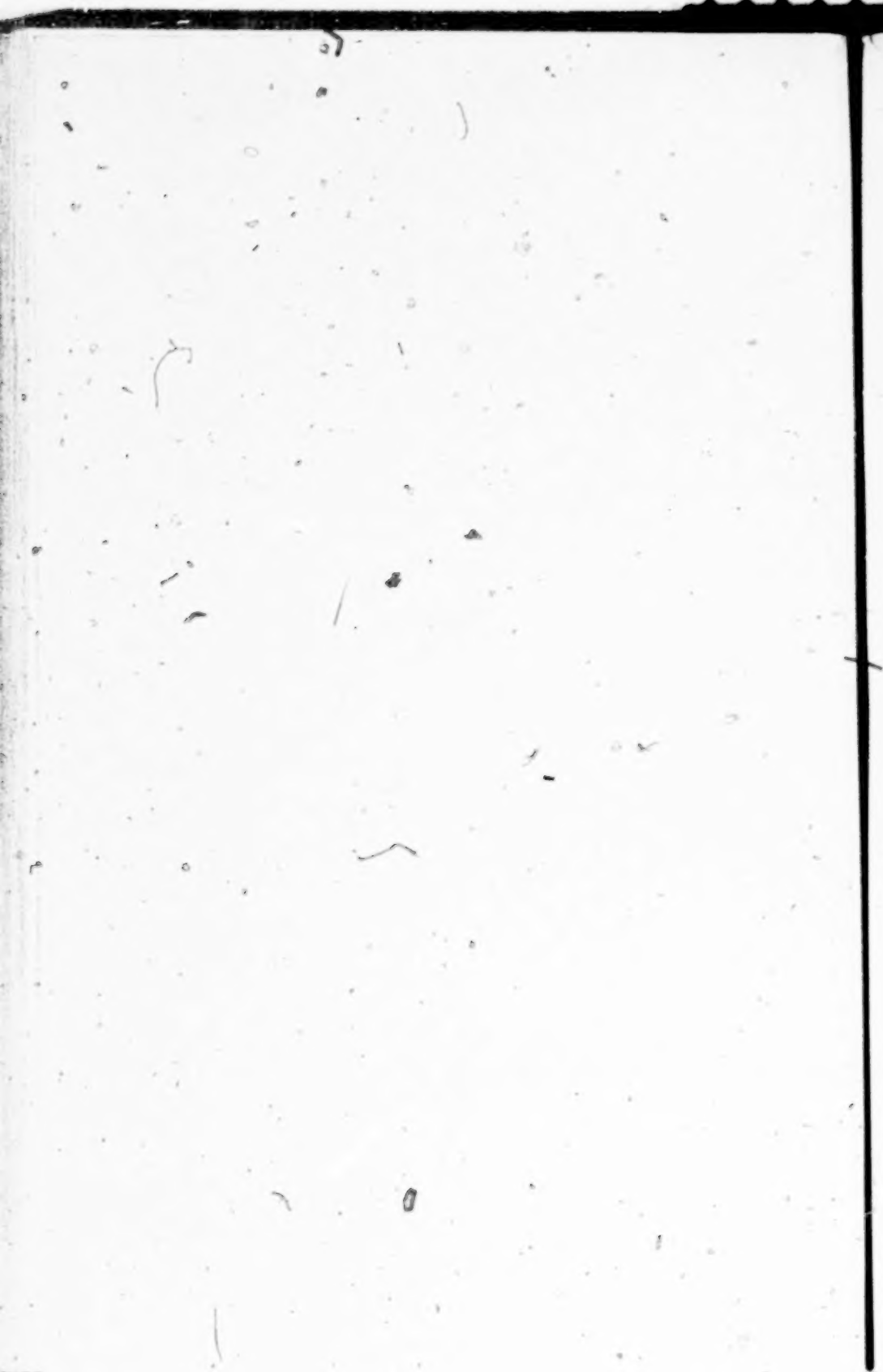
| <u>Name of Plant</u> | <u>Installed Capacity</u> | |
|----------------------|---------------------------|------------|
| Cabin Creek | 116,340 kw | |
| Logan | 90,400 " | |
| Glen Lyn | 80,000 " | |
| Kenova | 40,000 " | |
| Roanoke | 9,750 " | |
| Total Steam | | 336,490 kw |

Hydro Electric Plants

| | | |
|--------------------------|----------|-----------|
| Byllesby | 21,600 " | |
| Buck | 7,740 " | |
| Reusens | 12,500 " | |
| Niagara | 2,910 " | |
| Rocky Mount | 150 " | |
| Total Hydro | | 44,900 " |
| Total Installed Capacity | | 381,390 " |
| Purchased Capacity * | | 43,500 " |
| Total Capacity | | 424,890 " |

* This includes 9,000 kw of capacity purchased from
 The Ohio Power Company and the entire output of
 the Kanawha Valley Power Company.

2048



COMPLAINANTS' EXHIBIT NO. 51

Exhibit

KENTUCKY AND WEST VIRGINIA POWER COMPANY, INCORPORATED
INSTALLED GENERATING PLANT CAPACITY
AS OF NOVEMBER 1, 1937

Steam Electric Plants

| <u>Name of Plant</u> | <u>Installed Capacity</u> |
|----------------------|---------------------------|
| Hazard | 19,500 kw |

Hydro Electric Plants

None

Total Installed Capacity 19,500 kw

2049

COMPLAINTS' EXHIBIT NO. 52

~~Exhibit~~ _____

KINGSPORT UTILITIES, INCORPORATED
INSTALLED GENERATING PLANT CAPACITY
AS OF NOVEMBER 1, 1937

Steam Electric Plants

| <u>Name of Plant</u> | <u>Installed Capacity</u> |
|----------------------|---------------------------|
| Kingsport | 11,400 kw |

Hydro Electric Plants

None

Total Installed Capacity 11,400 kw

COMPLAINANTS' EXHIBIT NO. 55

Exhibit _____

APPALACHIAN ELECTRIC POWER COMPANY
 KENTUCKY AND WEST VIRGINIA POWER COMPANY, INCORPORATED
 KINGSFORT UTILITIES, INCORPORATED
 SUMMARY OF INSTALLED GENERATING PLANT CAPACITY
 AS OF NOVEMBER 1, 1937

Appalachian Electric Power Company

| | | |
|----------------------------|-----------------|------------|
| Total Steam Plant Capacity | 336,490 kw | |
| Total Hydro Plant Capacity | 44,900 " | |
| Purchased Capacity | <u>43,500 "</u> | |
| Total | | 424,890 kw |

Kentucky and West Virginia Power Company, Incorporated

| | | |
|----------------------------|--|------------|
| Total Steam Plant Capacity | | 19,500 . " |
|----------------------------|--|------------|

Kingsport Utilities, Incorporated

| | | |
|-----------------------------------|-----------------|------------|
| Total Steam Plant Capacity | <u>11,400 "</u> | |
| Total Combined Installed Capacity | | 455,790 kw |

2051

[fol. 2052] COMPLAINANTS' EXHIBIT No. 54

Chart Entitled "Development of the Interconnection and Coordination of the Properties of Appalachian Electric Power Company, Kentucky & West Virginia Power Company, Inc., and Kingsport Utilities, Incorporated."

(Original Exhibit)

APPALACHIAN ELECTRIC POWER COMPANY
Customers, Sales and Revenue within
Zones of Varying Distance from Norris Dam

| Year | <u>Within 100 Mi. Radius of Norris Dam</u> | | | <u>Within 150 Mi. Radius of Norris Dam</u> | | | <u>Within 250 Mi. Radius of Norris Dam</u> | |
|---------------------------------------|--|--|----------------|--|--|----------------|--|--|
| | No. of Regular Customers <u>December 31</u> | Sales to Regular Customers <u>kwh</u> | <u>Revenue</u> | No. of Regular Customers <u>December 31</u> | Sales to Regular Customers <u>kwh</u> | <u>Revenue</u> | No. of Regular Customers <u>December 31</u> | Sales to Regular Customers <u>kwh</u> |
| 1928 | 270 | 158,920 | \$9,115 | 5,197 | 67,782,648 | \$1,336,035 | 86,349 | 820,156,175 |
| 1929 | 248 | 166,719 | 10,032 | 6,027 | 77,598,779 | 1,450,397 | 93,685 | 1,040,180,331 |
| 1930 | 320 | 164,108 | 10,732 | 5,443 | 67,706,678 | 1,347,567 | 98,142 | 1,066,400,747 |
| 1931 | 276 | 177,831 | 11,338 | 6,264 | 60,492,445 | 1,275,794 | 100,723 | 924,903,905 |
| 1932 | 290 | 200,951 | 12,190 | 6,211 | 52,408,690 | 1,123,865 | 99,989 | 780,001,666 |
| 1933 | 290 | 212,701 | 12,382 | 6,201 | 54,385,699 | 1,081,594 | 100,447 | 882,380,628 |
| 1934 | 317 | 234,348 | 13,334 | 6,482 | 56,412,815 | 1,129,741 | 111,512 | 1,023,032,272 |
| 1935 | 363 | 281,693 | 14,940 | 7,011 | 61,573,706 | 1,203,770 | 118,189 | 1,107,643,818 |
| 1936 | 439 | 337,550 | 16,236 | 8,171 | 69,263,102 | 1,312,443 | 126,700 | 1,283,307,996 |
| 1937 Seven Months Ended July 31 | 498 | 265,312 | 10,750 | 8,842 | 44,165,297 | 781,273 | 134,186 | 789,569,773 |

COMPLAINANTS' EXHIBIT NO. 55

POWER COMPANY

~~EXHIBIT~~Revenue within
5 miles from Norris Dam

In 250 Mi. Radius of Norris Dam

System Total

| Number of Customers per 31 | Sales to Regular Customers kwh | Revenue | No. of Regular Customers December 31 | Sales to Large Light and Power Customers (Industrial Sales) kwh | Total Sales To Regular Customers kwh | Revenue |
|----------------------------------|---|--------------|---|--|---|--------------|
| 349 | 820,156,175 | \$14,781,479 | 95,706 | 697,884,078 | 843,533,935 | \$15,537,155 |
| 685 | 1,040,180,331 | 16,613,984 | 103,378 | 910,338,769 | 1,066,225,540 | 17,402,160 |
| 142 | 1,066,400,747 | 16,903,298 | 108,711 | 932,780,587 | 1,094,833,681 | 17,734,887 |
| 723 | 924,903,905 | 15,667,869 | 110,872 | 783,310,336 | 958,110,552 | 16,551,133 |
| 989 | 780,001,666 | 14,037,191 | 109,272 | 640,187,451 | 810,237,519 | 14,884,118 |
| 447 | 882,380,628 | 13,969,234 | 111,945 | 746,435,473 | 912,886,788 | 14,825,630 |
| 512 | 1,023,032,272 | 15,545,682 | 122,231 | 906,038,579 | 1,062,012,985 | 16,486,125 |
| 189 | 1,107,643,818 | 16,341,575 | 129,228 | 984,202,734 | 1,154,213,284 | 17,345,152 |
| 700 | 1,283,307,996 | 17,690,540 | 137,970 | 1,153,567,845 | 1,351,653,286 | 18,847,555 |
| 186 | 789,569,773 | 10,537,459 | 145,933 | 703,843,598 | 830,910,109 | 11,226,741 |

KENTUCKY AND WEST VIRGINIA POWER COMPANY

Customers, Sales and Revenue
Zones of Varying Distance from

Within 100 Mi. Radius of Norris Dam

Within 150 Mi. Radius of Norris Dam

Within 250 Mi.

| Year | No. of Regular Customers | Sales to Regular Customers | Revenue | No. of Regular Customers | Sales to Regular Customers | Revenue | No. of Regular Customers | |
|---------------------------------------|--------------------------------|----------------------------------|-----------|--------------------------------|----------------------------------|-------------|--------------------------------|---|
| | <u>December 31</u> | <u>kwh</u> | | <u>December 31</u> | <u>kwh</u> | | <u>December 31</u> | |
| 1928 | 3,216 | 36,066,147 | \$819,852 | 7,250 | 68,318,199 | \$1,584,723 | 16,237 | 1 |
| 1929 | 3,314 | 36,299,140 | 819,923 | 7,822 | 73,512,869 | 1,675,377 | 17,368 | 1 |
| 1930 | 3,495 | 32,446,078 | 776,631 | 8,349 | 66,108,028 | 1,622,084 | 18,080 | 1 |
| 1931 | 3,172 | 30,527,752 | 752,238 | 8,239 | 58,311,309 | 1,515,572 | 18,058 | 1 |
| 1932 | 2,956 | 27,608,173 | 672,906 | 7,631 | 52,447,107 | 1,333,044 | 16,796 | 1 |
| 1933 | 3,016 | 26,042,246 | 623,260 | 7,521 | 52,398,826 | 1,267,168 | 17,184 | 1 |
| 1934 | 3,276 | 24,971,981 | 632,207 | 8,288 | 56,949,360 | 1,407,465 | 18,328 | 1 |
| 1935 | 3,422 | 27,334,651 | 661,457 | 9,094 | 66,472,107 | 1,551,299 | 19,659 | 2 |
| 1936 | 3,713 | 30,078,589 | 685,969 | 9,919 | 87,946,055 | 1,700,159 | 21,170 | 2 |
| 1937 Seven Months Ended July 31 | 3,870 | 17,633,506 | 385,368 | 10,567 | 59,003,080 | 1,008,663 | 22,236 | 1 |

COMPLAINANTS' EXHIBIT NO. 56

WER COMPANY, INCORPORATED

~~EXHIBIT~~d Revenue within
nce from Norris Dam250 Mi. Radius of Norris DamSystem Total

| of lar mers Year 31 | Sales to Regular Customers kwh | Revenue | No. of Regular Customers December 31 | Sales to Large Light and Power Customers (Industrial Sales; kwh | Total Sales To Regular Customers kwh | Revenue |
|------------------------------|---|-------------|---|--|---|-------------|
| 1937 | 178,437,061 | \$3,021,671 | 16,237 | 162,299,290 | 178,437,061 | \$3,021,671 |
| 1968 | 187,157,193 | 3,092,093 | 17,368 | 170,382,091 | 187,157,193 | 3,092,093 |
| 1980 | 150,309,290 | 2,896,195 | 18,080 | 132,998,823 | 150,309,290 | 2,896,195 |
| 1958 | 147,539,496 | 2,734,718 | 18,058 | 129,876,614 | 147,539,496 | 2,734,718 |
| 1996 | 121,881,220 | 2,407,927 | 16,796 | 105,047,633 | 121,881,220 | 2,407,927 |
| 1984 | 150,833,558 | 2,437,926 | 17,184 | 134,653,761 | 150,833,558 | 2,437,926 |
| 1928 | 171,186,399 | 2,720,296 | 18,328 | 154,258,240 | 171,186,399 | 2,720,296 |
| 1959 | 213,386,945 | 3,050,189 | 19,659 | 194,428,051 | 213,386,945 | 3,050,189 |
| 1970 | 254,600,861 | 3,314,345 | 21,170 | 232,243,229 | 254,600,861 | 3,314,345 |
| 19 Seven 36 Ended | 150,664,068 | 1,923,824 | 22,236 | 136,180,510 | 150,664,068 | 1,923,824 |

KINGSPORT U
Customers, S
Zones of Varyin

Within 100 Mi. Radius of Norris Dam

Within 150 Mi. Radius of

| Year | No. of Regular Customers December 31 | Sales to Large Light and Power Customers (Industrial Sales) kwh | Total Sales To Regular Customers kwh | Revenue | No. of Regular Customers December 31 | Sales to Regular Customers kwh |
|---------------------------------------|---|--|---|-----------|---|---|
| | | | | | | |
| 1928 | 2,880 | 44,707,270 | 46,919,912 | \$536,518 | | |
| 1929 | 3,090 | 30,900,357 | 33,341,931 | 447,339 | | |
| 1930 | 3,027 | 33,733,383 | 36,591,841 | 485,661 | | |
| 1931 | 3,073 | 27,778,913 | 30,623,228 | 433,296 | | |
| 1932 | 2,862 | 23,007,693 | 25,981,943 | 394,580 | | |
| 1933 | 3,054 | 21,999,934 | 25,210,197 | 390,866 | | Same as 100-Mile |
| 1934 | 3,365 | 23,304,220 | 27,895,230 | 435,681 | | |
| 1935 | 3,795 | 24,115,160 | 29,406,221 | 459,819 | | |
| 1936 | 4,358 | 30,356,870 | 37,468,385 | 506,150 | | |
| 1937 Seven Months Ended July 31 | 4,931 | 21,163,440 | 26,137,983 | 325,787 | | |

COMPLAINANTS' EXHIBIT NO. 57

UTILITIES, INCORPORATED

Sales and Revenue within
ing Distance from Norris Dam

~~Exhibit~~ _____

| <u>Norris Dam</u> | <u>Within 250 Mi. Radius of Norris Dam</u> | | <u>System Total</u> | | | |
|-------------------|--|----------------------------------|---------------------|--------------------------------|----------------------------------|----------------|
| | No. of Regular Customers | Sales to Regular Customers | | No. of Regular Customers | Sales to Regular Customers | |
| <u>Revenue</u> | <u>December 31</u> | <u>kwh</u> | <u>Revenue</u> | <u>December 31</u> | <u>kwh</u> | <u>Revenue</u> |

Zone

Same as 100-Mile Zone

Same as 100-Mile Zone

All customers and sales
are within the 100-mile zone.

2055

COMPLAINANTS' EXHIBIT NO. 58

CHUNK _____

APPALACHIAN ELECTRIC POWER COMPANY
TRANSMISSION AND DISTRIBUTION LINES

| <u>Date</u> | <u>Pole Miles</u> | <u>Pole Miles</u> | <u>Total</u> |
|-------------------|------------------------|--------------------|-------------------|
| | <u>22 Kv to 132 Kv</u> | <u>Below 22 Kv</u> | <u>Pole Miles</u> |
| December 31, 1928 | 1,475.10 | 2,062.53 | 3,537.63 |
| December 31, 1929 | 1,579.70 | 2,585.52 | 4,165.22 |
| December 31, 1930 | 1,602.50 | 2,783.64 | 4,386.14 |
| December 31, 1931 | 1,639.14 | 2,982.20 | 4,621.34 |
| December 31, 1932 | 1,640.28 | 3,203.28 | 4,843.56 |
| December 31, 1933 | 1,636.79 | 3,276.32 | 4,913.11 |
| December 31, 1934 | 1,653.54 | 3,552.86 | 5,206.40 |
| December 31, 1935 | 1,704.69 | 3,814.60 | 5,519.29 |
| December 31, 1936 | 1,758.83 | 4,194.40 | 5,953.23 |
| July 31, 1937 | 1,767.88 | 4,663.79 | 6,431.67 |

| <u>Date</u> | <u>100 Mile Zone *</u> | | <u>150 Mile Zone *</u> | | <u>250 Mile Zone *</u> | |
|-------------------|------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | <u>22 Kv to</u> | <u>Below</u> | <u>22 Kv to</u> | <u>Below</u> | <u>22 Kv to</u> | <u>Below</u> |
| | <u>132 Kv</u> | <u>22 Kv</u> | <u>132 Kv</u> | <u>22 Kv</u> | <u>132 Kv</u> | <u>22 Kv</u> |
| December 31, 1936 | 9.00 | 24.00 | 257.04 | 319.30 | 1,628.28 | 3,780.53 |
| July 31, 1937 | 9.00 | 40.50 | 257.04 | 383.64 | 1,637.33 | 4,222.18 |

* Lines in areas bounded by circles of 100, 150 and 250 mile radii from Norris Dam.

All of the lines of the Appalachian Electric Power Company with the exception of 572.16 miles fall within the 250 mile circle.

COMPLAINANTS' EXHIBIT NO. 59

~~CHIEF~~_____KENTUCKY AND WEST VIRGINIA POWER COMPANY, INCORPORATED
TRANSMISSION AND DISTRIBUTION LINES

| <u>Date</u> | <u>Pole Miles</u> | | <u>Pole Miles</u> | | <u>Total</u> | |
|-------------------|------------------------|--|--------------------|--|-------------------|--|
| | <u>22 Kv to 132 Kv</u> | | <u>Below 22 Kv</u> | | <u>Pole Miles</u> | |
| December 31, 1928 | 329.42 | | 281.60 | | 611.02 | |
| December 31, 1929 | 349.21 | | 295.16 | | 644.37 | |
| December 31, 1930 | 404.82 | | 322.00 | | 726.82 | |
| December 31, 1931 | 406.92 | | 348.13 | | 755.05 | |
| December 31, 1932 | 407.66 | | 414.73 | | 822.39 | |
| December 31, 1933 | 409.22 | | 418.06 | | 827.28 | |
| December 31, 1934 | 409.22 | | 427.17 | | 836.39 | |
| December 31, 1935 | 417.28 | | 476.33 | | 893.61 | |
| December 31, 1936 | 435.53 | | 491.23 | | 926.76 | |
| July 31, 1937 | 435.53 | | 553.01 | | 988.54 | |

| <u>Date</u> | <u>100 Mile Zone •</u> | | <u>150 Mile Zone •</u> | | <u>250 Mile Zone •</u> | |
|-------------------|------------------------|--------------|------------------------|--------------|------------------------|--------------|
| | <u>22 Kv to Below</u> | | <u>22 Kv to Below</u> | | <u>22 Kv to Below</u> | |
| | <u>132 Kv</u> | <u>22 Kv</u> | <u>132 Kv</u> | <u>22 Kv</u> | <u>132 Kv</u> | <u>22 Kv</u> |
| December 31, 1936 | 117.66 | 99.05 | 360.14 | 300.61 | 435.53 | 491.23 |
| July 31, 1937 | 117.66 | 131.63 | 360.14 | 356.85 | 435.53 | 553.01 |

• Lines in areas bounded by circles of 100, 150 and 250 mile radii
from Norris Dam

All lines of Kentucky and West Virginia Power Company, Incorporated are within the 250 mile circle.

COMPLAINANTS' EXHIBIT NO. 60 .

EXHIBIT _____KINGSPORT UTILITIES, INCORPORATED
TRANSMISSION AND DISTRIBUTION LINES

| <u>Date</u> | <u>Pole Miles</u> <u>22 Kv to 132 Kv</u> | <u>Pole Miles</u> <u>Below 22 Kv</u> | <u>Total</u> <u>Pole Miles</u> |
|-------------------|---|---|-----------------------------------|
| December 31, 1928 | 22.36 | 58.80 | 81.16 |
| December 31, 1929 | 22.36 | 54.66 | 77.02 |
| December 31, 1930 | 22.61 | 64.78 | 87.39 |
| December 31, 1931 | 22.61 | 75.96 | 98.57 |
| December 31, 1932 | 22.61 | 80.10 | 102.71 |
| December 31, 1933 | 22.61 | 82.15 | 104.76 |
| December 31, 1934 | 5.75 ** | 92.07 | 97.82 |
| December 31, 1935 | 5.75 ** | 110.61 | 116.36 |
| December 31, 1936 | 5.75 ** | 116.44 | 122.19 |
| July 31, 1937 | 5.75 ** | 133.53 | 139.28 |

| <u>Date</u> | <u>100 Mile Zone *</u> | | <u>150 Mile Zone *</u> | | <u>250 Mile Zone *</u> | |
|-------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|
| | <u>22 Kv to</u> <u>132 Kv</u> | <u>Below</u> <u>22 Kv</u> | <u>22 Kv to</u> <u>132 Kv</u> | <u>Below</u> <u>22 Kv</u> | <u>22 Kv to</u> <u>132 Kv</u> | <u>Below</u> <u>22 Kv</u> |
| December 31, 1936 | 5.75 | 116.44 | 5.75 | 116.44 | 5.75 | 116.44 |
| July 31, 1937 | 5.75 | 133.53 | 5.75 | 133.53 | 5.75 | 133.53 |

* Lines in areas bounded by circles of 100, 150 and 250 miles radii from Norris Dam.

All lines of Kingsport Utilities, Incorporated are within the 100 mile circle.

** 132 Kv transmission line sold to Appalachian Electric Power Company in 1934.

COMPLAINANTS' EXHIBIT NO. 61

EXHIBIT _____

APPALACHIAN ELECTRIC POWER COMPANY

Increase in Domestic Use of Electricity and
Reduction in Cost to Consumers
(Includes Rural Customers)

| Year | Average Residential Kw-hr Use per Customer (Annual)** | Residential Average Revenue per Customer (Dollars-Annually)** | Residential Average Rate per Kw-hr (Cents) | Towns and Communities Served |
|------------------------------|---|--|---|------------------------------------|
| 1928 | 492 | \$32.67 | 6.64 | 265 |
| 1929 | 525 | 34.71 | 6.61 | 376 |
| 1930 | 519 | 33.36 | 6.42 | 404 |
| 1931 | 585 | 33.76 | 5.77 | 415 |
| 1932 | 608 | 33.92 | 5.58 | 444 |
| 1933 | 627 | 34.57 | 5.52 | 452 |
| 1934 | 603 | 35.65 | 5.38 | 461 |
| 1935 | 703 | 35.10 | 5.00 | 473 |
| 1936 | 761 | 33.84 | 4.45 | 522 |
| Year Ending July 31, 1937 | 807 | 31.86 | 3.95 | 522 * |

* Change since January 1, 1937 not readily available.

** Where a single residential customer was served by two meters the data given shows the kilowatt hours or revenue obtained from the two meters.

COMPLAINANTS' EXHIBIT NO. 62

XXXXXX

KENTUCKY AND WEST VIRGINIA POWER COMPANY, INCORPORATED

Increase in Domestic Use of Electricity and
Reduction in Cost to Consumers
(Includes Rural Service)

| Year | Average Residential Kw-hr Use per Customer (Annual)** | Residential Average Revenue per Customer (Dollars-Annually)** | Residential Average Rate per Kw-hr (Cents) | Towns and Communities Served |
|------------------------------|---|--|---|------------------------------------|
| 1928 | 463 | \$29.83 | 6.44 | 70 |
| 1929 | 444 | 30.57 | 6.88 | 74 |
| 1930 | 442 | 31.88 | 7.21 | 76 |
| 1931 | 482 | 32.12 | 6.66 | 92 |
| 1932 | 498 | 30.44 | 6.12 | 92 |
| 1933 | 521 | 31.02 | 5.95 | 92 |
| 1934 | 524 | 30.94 | 5.91 | 92 |
| 1935 | 563 | 30.42 | 5.40 | 96 |
| 1936 | 613 | 29.74 | 4.85 | 100 |
| Year Ending July 31, 1937 | 653 | 28.03 | 4.29 | 100 • |

• Change since January 1, 1937 not readily available

** Where a single residential customer was served by two meters the data given shows the kilowatt hours or revenue obtained from the two meters.

COMPLAINANTS' EXHIBIT NO. 63

~~CONFIDENTIAL~~

KINGSPORT UTILITIES, INCORPORATED

Increase in Domestic Use of Electricity and
Reduction in Cost to Consumers
(Includes Rural Customers)

| Year | Average Residential Kw-hr Use per Customer (Annual)** | Residential Average Revenue per Customer (Dollars-Annually)** | Residential Average Rate per Kw-hr (Cents) |
|------------------------------|---|--|---|
| 1928 | 462 | \$31.24 | 6.77 |
| 1929 | 469 | 31.33 | 6.68 |
| 1930 | 578 | 36.32 | 6.29 |
| 1931 | 593 | 35.69 | 6.02 |
| 1932 | 655 | 36.72 | 5.61 |
| 1933 | 714 | 38.26 | 5.36 |
| 1934 | 758 | 36.92 | 4.87 |
| 1935 | 826 | 36.61 | 4.43 |
| 1936 | 914 | 35.68 | 3.90 |
| Year Ending July 31, 1937 | 950 | 33.25 | 3.50 |

** Where a single residential customer was served by two meters the data given shows the kilowatt hours or revenue obtained from the two meters.

[fol. 2062] COMPLAINANTS' EXHIBIT No. 64 (Excluded)

Tabulation Entitled "History of, and Savings Due to, Rate Reductions for all Customer Classes of Appalachian Electric Power Company (West Virginia Portion of the System)"

(Omitted)

[fol. 2063] COMPLAINANTS' EXHIBIT No. 65 (Excluded)

Tabulation Entitled "History of, and Savings Due to, Rate Reductions for all Customer Classes of Kentucky and West Virginia Power Company, Incorporated"

(Omitted)

[fol. 2064] COMPLAINANTS' EXHIBIT No. 66 (Excluded)

Tabulation Entitled "History of, and Savings Due to, Rate Reductions for all Customer Classes of Kingsport Utilities, Incorporated"

(Omitted)

(Here follow four photolithographs, side folios 2065-2068)

[fol. 2069] COMPLAINANTS' EXHIBIT No. 70

Memorandum of Approval and Consent Data as to Franchises Held by Kingsport Utilities, Incorporated

(Omitted)

COMPLAINANTS' EXHIBIT No. 71

Memorandum of Franchises Granted West Tennessee Power & Light Company and Approvals Thereof by the Tennessee Railroad and Public Utilities Commission

(Omitted)

COMPLAINANTS' EXHIBIT No. 72

Memorandum of Consents of Municipalities and Orders of Approval by the Tennessee Railroad and Public Utilities Commission to Assignments of Municipal and County Franchises to West Tennessee Power & Light Company.

(Omitted)

7

(Here follows one photolithograph, side folio 2070)



[fol. 2071] COMPLAINANTS' EXHIBIT No. 74

Map of Facilities of and Territory Served by West Tennessee Power & Light Company


(Original Exhibit)

[fol. 2072] COMPLAINANTS' EXHIBIT No. 75

Number, Rating in kw. and location of Generators owned and leased by West Tennessee Power & Light Company as of August 31, 1937

| Location | Steam Turbines | | Steam Engines | | Internal Combustion | |
|------------------|----------------|----------|---------------|---------|---------------------|---------|
| | No. | Rating | No. | Rating | No. | Rating |
| Owned: | | | | | | |
| Jackson..... | 4 | 3650 kw. | | | | |
| Brownsville..... | | | 2 | 310 kw. | | |
| Ripley..... | 1 | 300 kw. | 1 | 200 kw. | | |
| Halls..... | | | 1 | 60 kw. | 1 | 60 kw. |
| Henderson..... | | | | | 2 | 78 kw. |
| Leased: | | | | | | |
| Humboldt..... | 1 | 300 kw. | 1 | 120 kw. | | |
| | | | 1 | 150 kw. | | |
| Totals..... | 6 | 4250 kw. | 6 | 840 kw. | 3 | 138 kw. |

Grand Total in kw. 5228.



(Here follows 1 photolithograph, side folio 2073)



[fol. 2074] **COMPLAINANTS' EXHIBIT No. 77**

Memorandum of Consents of Municipalities and Orders of Approval by the Tennessee Railroad and Public Utilities Commission to Assignments of Franchises to East Tennessee Light & Power Company and Tennessee Eastern Electric Company

(Omitted)

COMPLAINANTS' EXHIBIT No. 78

Memorandum of Franchises Granted East Tennessee Light & Power Company and Tennessee Eastern Electric Company and Approvals Thereof by the Tennessee Railroad and Public Utilities Commission

(Omitted)

COMPLAINANTS' EXHIBIT No. 79

Memorandum of Virginia Highway Permits of East Tennessee Light & Power Company

(Omitted)

7

(Here follow two photolithographs, side folios 2075 and 2076)

[fol. 2077] COMPLAINANTS' EXHIBIT No. 82

Map of Transmission, Distribution, and Generating System
of East Tennessee Light and Power Company and Ten-
nessee Eastern Electric Company

(Original Exhibit)

[fol. 2078] COMPLAINANTS' EXHIBIT No. 83

Generating Facilities

East Tennessee Light & Power Company

Tennessee Eastern Electric Company

Nolichucky Hydro:

| | |
|---------------|------|
| Unit # 1..... | 2550 |
| Unit # 2..... | 2550 |
| Unit # 3..... | 2550 |
| Unit # 4..... | 2910 |

| | |
|------------|--------|
| Total..... | 10,560 |
|------------|--------|

Wilbur Hydro:

| | |
|---------------|------|
| Unit # 1..... | 1200 |
| Unit # 2..... | 1250 |
| Unit # 3..... | 1250 |

| | |
|------------|-------|
| Total..... | 3,700 |
|------------|-------|

Elk Park Hydro:

| | |
|---------------|----|
| Unit # 1..... | 80 |
|---------------|----|

| | |
|------------|----|
| Total..... | 80 |
|------------|----|

Maymead Oil Engine:

| | |
|---------------|----|
| Unit # 1..... | 48 |
|---------------|----|

| | |
|------------|----|
| Total..... | 48 |
|------------|----|

Watauga Steam:

| | |
|---------------|------|
| Unit # 1..... | 500 |
| Unit # 2..... | 1500 |
| Unit # 3..... | 1500 |
| Unit # 4..... | 5000 |

| | |
|------------|-------|
| Total..... | 8,500 |
|------------|-------|

| | |
|------------------|------------|
| Grand Total..... | 22,888 kw. |
|------------------|------------|

(Here follow 3 photolithographs, side folios 2079-2081)

[fol. 2082] COMPLAINANTS' EXHIBIT No. 87

Memorandum of Orders by the Alabama Public Service
Commission and Consents of Municipalities to the As-
signment of Franchises to Alabama Power Company

(Omitted)

COMPLAINANTS' EXHIBIT No. 88

Memorandum of Certificates of Convenience and Necessity
Issued by Alabama Public Service Commission and Held
by Alabama Power Company as of July 1, 1937

(Omitted)

COMPLAINANTS' EXHIBIT No. 89

Map Entitled "Electric Transmission and Distribution
System" of Alabama Power Company

(Original Exhibit)

[fol. 2083] COMPLAINANTS' EXHIBIT No. 90

Alabama Power Company

Generating Plants Owned by Company

October, 1937

| Name of Plant | Installed Capacity in Kilowatts |
|--------------------------|------------------------------------|
| Hydro Plants: | |
| Lay Dam | 81,000 |
| Mitchell Dam | 52,500 |
| Jordan Dam | 100,000 |
| Martin Dam | 99,000 |
| Upper Tallahassee | 32,000 |
| Thurlow Dam | 50,000 |
| Total Hydro Plants | 414,500 |

COMPLAINANTS' EXHIBIT No. 90

| Name of Plant | Installed Capacity in Kilowatts |
|---|------------------------------------|
| Steam Plants: | |
| Gorgas No. 1 | 70,000 |
| Gorgas No. 2 | 60,000 |
| Gadsden | 10,000 |
| Montgomery | 5,000 |
| Mobile | 3,000 |
| Magazine | 8,000 |
| Total Steam Plants | 156,000 |
| Internal Combustion Plants (5 small plants) | 1,244 |
| Total Capacity In Owned Plants | 571,744 |

[fol. 2084] COMPLAINANTS' EXHIBIT No. 91

Excerpts and Other Matters Taken from Applications to Federal Power Commission for Licenses and from Licenses Issued to Alabama Power Company by Federal Power Commission, to be Introduced in evidence

Jordan Dam

(a) Application filed June 15, 1925:

Application for License by Alabama Power Company, Birmingham, Alabama, to Federal Power Commission, Washington, D. C. for Hydro-Electric Power Project Near Wetumpka, on Coosa River, in Alabama, dated June 13, 1925.

"Application for License

"Alabama Power Company, a corporation organized and existing under and by virtue of the laws of the State of Alabama and having its principal place of business at Attalla in said State, hereby makes application to the Federal Power Commission for a license for a project described herein and shown on general and detailed maps signed by the applicant on the 13th day of June, 1925, which maps are filed herewith and made a part hereof, said license to authorize the construction, operation and maintenance of certain project works, the principal ones of which are designated as follows on said maps:

COMPLAINANTS' EXHIBIT No. 91

(a) A dam across the Coosa River and the reservoir created thereby.

(b) A power house for use in connection with said dam.

"2. The location of the project applied for is as follows:

(a) In the State of Alabama.

(b) In the counties of Elmore, Chilton and Coosa.

[fol. 2085] (c) On the following named stream: Coosa River navigable for carrying commerce to the following extent: The upper portion from Rome, Georgia, to Lock 5 in Alabama, and the lower portion from the foot of the rapids below Wetumpka to where it empties into the Alabama River which empties into Mobile Bay is navigable in fact, carrying a very limited amount of traffic.

(d) In the region of the following named cities: Wetumpka, Clanton, Rockford, Dadeville, Tuskegee, Union Springs, Calera, Montgomery, Birmingham, Anniston, Gadsden, Talladega, Roanoke and Opelika, together with other cities and towns served by applicant or in proximity to its transmission system as indicated on the map filed herewith and marked Exhibit J, Map No. 2.

"3. The proposed scheme of development of this project is as follows:

The applicant proposes to construct a dam for power use on the same general plans as those used for its other major developments on this River.

"4. The proposed use or market for the power to be developed is as follows:

For sale to the public through the distribution system of the Alabama Power Company and its associated companies.

Applicant is at present serving hydro-electric power to the cities and most of the principal towns in northern and central Alabama and is planning to furnish electric power to a number of cities and towns in South Alabama, now being served from isolated steam plants, and it is contemplated that this development will assist these and other towns

COMPLAINANTS' EXHIBIT NO. 67

APPALACHIAN ELECTRIC POWER COMPANY

TAX PAYMENTS FOR YEARS 1932 - 1937 INCLUSIVE - 1937 ESTIMATED

| <u>Description of Tax</u> | <u>1937 Estimated</u> | <u>1936</u> | <u>1935</u> | <u>1934</u> |
|---|---------------------------|--------------|--------------|--------------|
| <u>West Virginia</u> | | | | |
| Foreign Corporation | 3,760.00 | 3,760.00 | 3,760.00 | 3,760.00 |
| State Gross Sales | 606,300.00 | 583,587.55 | 585,967.40 | 592,141.73 |
| Public Service Commission | 40,500.00 | 40,583.41 | 42,742.47 | 35,198.93 |
| Real, Personal and Intangible Property | 877,339.02 | 814,184.85 | 841,097.61 | 854,292.06 |
| Municipal Franchise | 13,600.00 | 13,463.17 | 11,837.44 | 11,006.05 |
| Municipal License | 9,600.00 | 6,923.19 | 2,499.68 | 21.00 |
| Merchants License | 132.50 | 153.00 | 138.00 | 100.50 |
| State Unemployment | 55,200.00 | 21,801.31 | -- -- | -- -- |
| State Motor Vehicle | 5,547.03 | 5,861.96 | 5,685.16 | 7,271.75 |
| State Gasoline | 14,475.68 | 11,651.32 | 10,741.12 | 9,597.80 |
| <u>Virginia</u> | | | | |
| Registration Fee | 50.00 | 55.00 | 55.00 | 50.00 |
| State Franchise | 158,054.41 | 140,841.98 | 131,543.12 | 122,663.96 |
| State Corporation Commission | 10,661.96 | 9,514.47 | 8,894.54 | 8,302.60 |
| Real, Personal and Intangible Property | 264,000.00 | 251,469.13 | 248,302.35 | 245,064.42 |
| Municipal Franchise | 100.00 | 100.00 | 435.78 | 722.74 |
| Municipal License | 11,300.00 | 10,955.20 | 10,500.47 | 9,701.20 |
| Merchants License | 235.01 | 189.96 | 120.50 | 162.04 |
| State Unemployment | 21,600.00 | 10,419.86 | -- -- | -- -- |
| State Motor Vehicle | 2,497.89 | 2,218.95 | 2,121.38 | 1,885.16 |
| State Gasoline | 6,946.92 | 6,078.40 | 5,512.55 | 4,826.75 |
| <u>Tennessee</u> | | | | |
| Foreign Corporation | 150.00 | 150.00 | 150.00 | -- -- |
| Privilege License | 81.00 | 81.00 | 81.00 | -- -- |
| State Gross Receipts | 2,737.96 | -- -- | -- -- | -- -- |
| State Excise | 1,028.24 | 369.27 | -- -- | -- -- |
| State Franchise | 675.00 | 619.38 | -- -- | -- -- |
| Railroad and Public Utilities Fee | 465.35 | 392.65 | -- -- | -- -- |
| Real and Personal Property | 6,360.00 | 5,247.00 | 6,813.18 | -- -- |
| State Unemployment | 175.00 | 127.38 | -- -- | -- -- |
| Bondholders Tax Pennsylvania and Maryland | 17,300.00 | 17,218.04 | 14,226.43 | 12,362.87 |
| Federal Income | 590,350.00 | 565,494.73 | 428,027.46 | 342,640.36 |
| Federal Capital Tax | 46,775.00 | 45,888.00 | 45,000.00 | 29,578.00 |
| Federal Excise on Electric Service | 201,280.00 | 196,319.65 | 186,782.24 | 171,830.25 |
| Federal Surtax on Undistributed Profits | 22,420.00 | 22,420.56 | -- -- | -- -- |
| Carried Forward | 2,991,697.97 | 2,788,140.37 | 2,593,034.88 | 2,463,180.17 |

COMPLAINANTS' EXHIBIT NO. 67

APPALACHIAN ELECTRIC POWER COMPANY

TAX PAYMENTS FOR YEARS 1932 - 1937 INCLUSIVE - 1937 ESTIMATED

| <u>Description of Tax</u> | <u>1937 Estimated</u> | <u>1936</u> | <u>1935</u> | <u>1934</u> | <u>1933</u> | <u>1932</u> |
|-------------------------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|
| <u>Virginia</u> | | | | | | |
| Sign Corporation | 3,760.00 | 3,760.00 | 3,760.00 | 3,760.00 | 3,760.00 | 3,768.00 |
| te Gross Sales | 606,300.00 | 583,587.55 | 585,967.40 | 592,141.73 | 307,016.85 | 37,553.27 |
| ic Service Commission | 40,500.00 | 40,583.41 | 42,742.47 | 35,198.93 | 6,337.17 | -- -- |
| l, Personal and Intangible Property | 877,339.02 | 814,184.85 | 841,097.61 | 854,292.06 | 843,412.73 | 1,294,283.94 |
| ncipal Franchise | 13,600.00 | 13,463.17 | 11,837.44 | 11,006.05 | 9,837.93 | 10,000.68 |
| ncipal License | 9,600.00 | 6,923.19 | 2,499.68 | 21.00 | 21.00 | 10.00 |
| chants License | 132.50 | 153.00 | 138.00 | 100.50 | 97.50 | 50.00 |
| te Unemployment | 55,200.00 | 21,801.31 | -- -- | -- -- | -- -- | -- -- |
| te Motor Vehicle | 5,547.03 | 5,861.96 | 5,685.16 | 7,271.75 | 5,411.48 | 5,362.28 |
| te Gasoline | 14,475.68 | 11,651.32 | 10,741.12 | 9,597.80 | 9,395.20 | 9,691.98 |
| <u>ia</u> | | | | | | |
| istration Fee | 50.00 | 55.00 | 55.00 | 50.00 | 50.00 | 50.00 |
| te Franchise | 158,054.41 | 140,841.98 | 131,543.12 | 122,663.96 | 45,382.59 | 50,218.41 |
| te Corporation Commission | 10,661.96 | 9,514.47 | 8,894.54 | 8,302.60 | 8,068.02 | 4,463.86 |
| l, Personal and Intangible Property | 264,000.00 | 251,469.13 | 248,302.35 | 245,064.42 | 244,141.91 | 251,543.79 |
| ncipal Franchise | 100.00 | 100.00 | 435.78 | 722.74 | 716.08 | 439.37 |
| ncipal License | 11,300.00 | 10,955.20 | 10,500.47 | 9,701.20 | 9,999.42 | 10,751.22 |
| chants License | 235.01 | 189.96 | 120.50 | 162.04 | 309.69 | 510.31 |
| te Unemployment | 21,600.00 | 10,419.86 | -- -- | -- -- | -- -- | -- -- |
| te Motor Vehicle | 2,497.89 | 2,218.95 | 2,121.38 | 1,885.16 | 1,777.70 | 1,806.00 |
| te Gasoline | 6,946.92 | 6,078.40 | 5,512.55 | 4,826.75 | 4,500.00 | 4,370.15 |
| <u>sscc</u> | | | | | | |
| Sign Corporation | 150.00 | 150.00 | 150.00 | -- -- | -- -- | -- -- |
| village License | 81.00 | 81.00 | 81.00 | -- -- | -- -- | -- -- |
| te Gross Receipts | 2,737.96 | -- -- | -- -- | -- -- | -- -- | -- -- |
| te Excise | 1,028.24 | 369.27 | -- -- | -- -- | -- -- | -- -- |
| te Franchise | 675.00 | 619.38 | -- -- | -- -- | -- -- | -- -- |
| broad and Public Utilities Fee | 465.35 | 392.65 | -- -- | -- -- | -- -- | -- -- |
| l and Personal Property | 6,360.00 | 5,247.00 | 6,813.18 | -- -- | -- -- | -- -- |
| te Unemployment | 175.00 | 127.38 | -- -- | -- -- | -- -- | -- -- |
| holders Tax Pennsylvania and | | | | | | |
| aryland | 17,300.00 | 17,218.04 | 14,226.43 | 12,362.87 | 12,820.53 | 12,744.92 |
| eral Income | 590,350.00 | 565,494.73 | 428,027.46 | 342,640.36 | 456,702.29 | 468,616.72 |
| eral Capital Tax | 46,775.00 | 45,888.00 | 45,000.00 | 29,578.00 | 30,000.00 | 40,000.00 |
| eral Excise on Electric Service | 201,280.00 | 196,319.65 | 186,782.24 | 171,830.25 | 43,355.06 | -- -- |
| eral Surtax on Undistributed | | | | | | |
| Profits | 22,420.00 | 22,420.56 | -- -- | -- -- | -- -- | -- -- |
| Carried Forward | 2,991,697.97 | 2,788,140.37 | 2,593,034.88 | 2,463,180.17 | 2,043,113.15 | 2,206,226.90 |

COMPLAINANTS' EXHIBIT NO. 67

APPALACHIAN ELECTRIC POWER COMPANY

TAX PAYMENTS FOR YEARS 1932 - 1937 INCLUSIVE - 1937 ESTIMATE

| <u>Description of Tax</u> | <u>1937</u> <u>Estimated</u> | <u>1936</u> | <u>1935</u> | <u>1934</u> |
|-----------------------------|---------------------------------|------------------|------------------|------------------|
| Brought Forward | 2,991,697.97 | 2,788,140.37 | 2,593,034.88 | 2,463,186.47 |
| <u>Tennessee (Cont'd)</u> | | | | |
| Federal Excise Old Age | 42,500.00 | -- -- | -- -- | -- -- |
| Federal Excise Unemployment | 9,550.00 | 3,594.28 | -- -- | -- -- |
| Federal Check | -- -- | -- -- | -- -- | 2,841.11 |
| Federal Coupon | <u>25,300.00</u> | <u>25,278.42</u> | <u>23,023.39</u> | <u>30,231.11</u> |
| Total Taxes | 3,069,047.97 | 2,817,013.07 | 2,616,058.27 | 2,496,266.68 |
| Revenue - Sales of Energy | 21,277,000.00 | 20,327,847.89 | 18,681,012.30 | 17,660,471.11 |
| % of Revenue | 14.42 | 13.86 | 14.00 | 14.00 |

September 15, 1937.

COMPLAINANTS' EXHIBIT NO. 67

APPALACHIAN ELECTRIC POWER COMPANY

TAX PAYMENTS FOR YEARS 1932 - 1937 INCLUSIVE - 1937 ESTIMATED (Cont'd)

| | <u>1937</u> <u>Estimated</u> | <u>1936</u> | <u>1935</u> | <u>1934</u> | <u>1933</u> | <u>1932</u> |
|-----|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| ard | 2,991,697.97 | 2,788,140.37 | 2,593,034.88 | 2,463,180.17 | 2,043,113.15 | 2,206,226.90 |
| | 42,500.00 | -- -- | -- -- | -- -- | -- -- | -- -- |
| | 9,550.00 | 3,594.28 | -- -- | -- -- | -- -- | -- -- |
| | -- -- | -- -- | -- -- | 2,847.80 | 2,382.62 | 1,479.46 |
| | <u>25,300.00</u> | <u>25,278.42</u> | <u>23,023.39</u> | <u>30,232.57</u> | <u>27,610.09</u> | <u>26,663.09</u> |
| | 3,069,047.97 | 2,817,013.07 | 2,616,058.27 | 2,496,260.54 | 2,073,105.86 | 2,234,369.45 |
| | 21,277,000.00 | 20,327,847.89 | 18,681,012.30 | 17,660,477.29 | 15,779,778.46 | 15,778,507.63 |
| | 14.42 | 13.86 | 14.00 | 14.13 | 13.14 | 14.16 |

2066

COMPLAINANTS' EXHIBIT NO. 68

KENTUCKY AND WEST VIRGINIA POWER COMPANY, INCORPORATED
TAX PAYMENTS FOR YEARS 1932 - 1937 INCLUSIVE - 1937 ESTIMATED

| Description of Tax | 1937 Estimated | 1936 | 1935 | 1934 |
|-------------------------------------|-------------------|--------------|--------------|--------------|
| Public Service Commission | 5,095.70 | 4,895.92 | 3,995.00 | 4,250.00 |
| State Income | 14,122.75 | 18,192.87 | -- -- | -- -- |
| Real Estate, Personal and Franchise | 217,700.00 | 201,373.92 | 185,314.38 | 172,147.14 |
| State Unemployment | 9,200.00 | 3,182.55 | -- -- | -- -- |
| Merchants License | 52.00 | 52.00 | -- -- | 10.50 |
| State Motor Vehicle | 801.71 | 492.51 | 365.11 | 1,130.32 |
| State Gasoline | 2,900.00 | 2,639.05 | 2,442.75 | 2,105.00 |
| Federal Income | 61,246.87 | 78,897.96 | 72,161.36 | 44,038.10 |
| Federal Capital Stock | 7,100.00 | 7,075.00 | 7,000.00 | 2,966.00 |
| Federal Excise on Electric Services | 26,500.00 | 26,282.72 | 24,385.32 | 22,599.68 |
| Federal Excise Unemployment | 1,200.00 | 1,019.56 | -- -- | -- -- |
| Federal Excise Old Age | 5,000.00 | -- -- | -- -- | -- -- |
| Federal Check | -- -- | -- -- | -- -- | 341.68 |
| Total Taxes | 350,919.03 | 344,104.06 | 295,663.92 | 249,588.42 |
| Revenue - Sales of Energy | 3,380,000.00 | 3,314,345.12 | 3,050,189.01 | 2,720,295.59 |
| % of Revenue | 10.38 | 10.38 | 9.69 | 9.17 |

September 15, 1937.

COMPLAINANTS' EXHIBIT NO. 68

KENTUCKY AND WEST VIRGINIA POWER COMPANY, INCORPORATED

TAX PAYMENTS FOR YEARS 1932 - 1937 INCLUSIVE - 1937 ESTIMATED

| <u>Kind of Tax</u> | <u>1937 Estimated</u> | <u>1936</u> | <u>1935</u> | <u>1934</u> | <u>1933</u> | <u>1932</u> |
|---------------------|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Income | 5,095.70 | 4,895.92 | 3,995.00 | 4,250.00 | -- -- | -- -- |
| Real Estate | 14,122.75 | 18,192.87 | -- -- | -- -- | -- -- | -- -- |
| Local and Franchise | 217,700.00 | 201,373.92 | 185,314.38 | 172,147.14 | 184,034.78 | 191,044.15 |
| | 9,200.00 | 3,182.55 | -- -- | -- -- | -- -- | -- -- |
| | 52.00 | 52.00 | -- -- | 10.50 | -- -- | -- -- |
| | 801.71 | 492.51 | 365.11 | 1,130.32 | 1,250.49 | 1,235.24 |
| | 2,900.00 | 2,639.05 | 2,442.75 | 2,105.00 | 1,980.65 | 1,921.75 |
| Stock | 61,246.87 | 78,897.96 | 72,161.36 | 44,038.10 | 25,634.97 | 31,488.29 |
| Electric Services | 7,100.00 | 7,075.00 | 7,000.00 | 2,966.00 | 3,000.00 | 4,000.00 |
| Employment | 26,500.00 | 26,282.72 | 24,385.32 | 22,599.68 | 5,680.86 | -- -- |
| Age | 1,200.00 | 1,019.56 | -- -- | -- -- | -- -- | -- -- |
| | 5,000.00 | -- -- | -- -- | -- -- | -- -- | -- -- |
| | -- -- | -- -- | -- -- | 341.68 | 302.60 | 141.88 |
| | 350,919.03 | 344,104.06 | 295,663.92 | 249,588.42 | 221,884.35 | 229,831.31 |
| Energy | 3,380,000.00 | 3,314,345.12 | 3,050,189.01 | 2,720,295.59 | 2,437,926.39 | 2,407,926.56 |
| | 10.38 | 10.38 | 9.69 | 9.17 | 9.10 | 9.54 |

COMPLAINANTS' EXHIBIT NO. 69

KINGSPORT UTILITIES, INCORPORATED

TAX PAYMENTS FOR YEARS 1932 - 1937 INCLUSIVE - 1937 ESTIMATE

| <u>Description of Tax</u> | <u>1937 Estimated</u> | <u>1936</u> | <u>1935</u> | |
|---|---------------------------|-----------------------|-----------------------|-----------------|
| Virginia Registration Fee | 25.00 | 25.00 | 25.00 | |
| Foreign Corporation | 150.00 | 150.00 | 150.00 | |
| Privilege Licenses | 31.00 | 1,153.50 | 1,153.50 | 1. |
| State Gross Receipts | 8,878.96 | -- -- | -- -- | |
| State Excise | 4,212.10 | 1,991.32 | 1,212.55 | |
| State Franchise | 1,920.24 | 601.85 | -- -- | |
| Railroad and Public Utilities Fee | 1,588.61 | 1,417.29 | 1,327.15 | |
| Real and Personal Property | 27,864.28 | 25,246.28 | 21,275.69 | 28. |
| State Motor Vehicle | 197.70 | 227.90 | 168.96 | |
| State Gasoline | 870.00 | 757.12 | 625.10 | |
| State Unemployment | 1,620.00 | 669.97 | -- -- | |
| Federal Income | 27,800.00 | 18,663.75 | 14,434.53 | 10. |
| Federal Capital Stock | 1,550.00 | 1,534.00 | 1,500.00 | 1. |
| Federal Excise on Electric Services | 6,500.00 | 6,013.17 | 5,396.03 | 4. |
| Federal Surtax on Undistributed Profits | 1,200.00 | 1,171.87 | -- -- | |
| Federal Excise Old Age | 850.00 | -- -- | -- -- | |
| Federal Excise Unemployment | 180.00 | 74.44 | -- -- | |
| Federal Check | -- -- | -- -- | -- -- | |
| Total | 85,437.89 | 59,697.46 | 47,268.51 | 47. |
| Revenue - Sales of Energy | 590,000.00 | 512,442.78 | 460,228.19 | 435. |
| % of Revenue | 14.48 | 11.65 | 10.27 | |

KINGSPORT UTILITIES, INCORPORATED

TAX PAYMENTS FOR YEARS 1932 - 1937 INCLUSIVE - 1937 ESTIMATED

| Tax | 1937 Estimated | 1936 | 1935 | 1934 | 1933 | 1932 |
|--------------|-------------------|------------|------------|------------|------------|------------|
| | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| | 150.00 | 150.00 | 150.00 | 150.00 | 150.00 | 150.00 |
| | 31.00 | 1,153.50 | 1,153.50 | 1,153.50 | 1,235.00 | 1,153.50 |
| | 8,878.96 | -- -- | -- -- | -- -- | -- -- | -- -- |
| | 4,212.10 | 1,991.32 | 1,212.55 | 483.17 | 589.31 | 1,702.06 |
| | 1,920.24 | 601.85 | -- -- | -- -- | -- -- | -- -- |
| ies Fee | 1,588.61 | 1,417.29 | 1,327.15 | 650.50 | 678.93 | 751.87 |
| | 27,864.28 | 25,246.28 | 21,275.69 | 28,086.17 | 26,271.20 | 23,691.00 |
| | 197.70 | 227.90 | 168.96 | 168.58 | 199.67 | 238.80 |
| | 870.00 | 757.12 | 625.10 | 571.48 | 455.70 | 447.02 |
| | 1,620.00 | 669.97 | -- -- | -- -- | -- -- | -- -- |
| | 27,800.00 | 18,663.75 | 14,434.53 | 10,296.15 | 5,406.27 | 6,476.84 |
| | 1,550.00 | 1,534.00 | 1,500.00 | 1,012.00 | 1,000.00 | 600.00 |
| Services | 6,500.00 | 6,013.17 | 5,396.03 | 4,822.03 | 3,352.09 | -- -- |
| uted Profits | 1,200.00 | 1,171.87 | -- -- | -- -- | -- -- | -- -- |
| | 850.00 | -- -- | -- -- | -- -- | -- -- | -- -- |
| t | 180.00 | 74.44 | -- -- | -- -- | -- -- | -- -- |
| | -- -- | -- -- | -- -- | 58.96 | 52.58 | 25.38 |
| | 85,437.89 | 59,697.46 | 47,268.51 | 47,477.54 | 37,415.75 | 35,261.47 |
| | 590,000.00 | 512,442.78 | 460,228.19 | 435,779.62 | 390,869.09 | 394,582.47 |
| | 14.48 | 11.65 | 10.27 | 10.89 | 9.57 | 8.94 |

COMPLAINANTS' EXHIBIT NO. 73

WEST TENNESSEE POWER & LIGHT COMPANY - TAX PAYMENTS FOR YEARS

1932-1937 INCLUSIVE - 1937 ESTIMATED

| | <u>1937</u> <u>Estimated,</u> | <u>1936</u> | <u>1935</u> | <u>1934</u> | <u>1933</u> | <u>1932</u> |
|--|----------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| City License & Privilege | \$2,200.00 | \$2,268.82 | \$2,215.25 | \$2,218.90 | \$2,207.51 | \$1,842.38 |
| State & County License & Privilege | 5,000.00 | 5,645.92 | 5,671.11 | 5,341.75 | 5,342.98 | 3,966.89 |
| Public Utilities Commission's Fee | 2,972.07 | 2,463.85 | 2,184.58 | 1,014.00 | 1,047.96 | 1,077.54 |
| Special Corporation | 150.00 | 150.00 | 150.00 | 150.00 | 150.00 | 150.00 |
| Self Insurers | 75.00 | 66.55 | 76.17 | 62.07 | 66.20 | 77.62 |
| Gross Receipts - 1/2 year | 7,211.16 | | | | | |
| State Income (Excise) | 1,624.45 | - | - | - | - | 1,689.97 |
| City Merchants | 190.00 | 184.50 | 159.99 | 98.93 | 99.14 | 100.71 |
| State & County Merchants | 442.00 | 391.29 | 407.68 | 132.78 | 126.71 | 130.26 |
| State & County Automobile | 307.00 | 306.53 | 341.15 | 416.31 | 397.38 | |
| City Automobile | 80.00 | 79.33 | 69.71 | 79.71 | 41.76 | |
| Federal Income | 24,000.00 | 18,550.87 | 7,069.28 | 375.00 | | |
| Federal Unemployment | 200.00 | 194.28 | | | | |
| Federal Old Age Retirement | 1,320.00 | | | | | |
| Federal Capital Stock | 1,300.00 | 1,282.34 | 1,028.83 | 825.00 | 848.00 | 425.50 |
| Federal 3½ Excise on Electric Energy | 13,000.00 | 12,362.67 | 11,625.14 | 10,319.30 | 3,133.76 | |
| State Unemployment | 3,900.00 | 1,748.51 | | | | |
| State Property - Real Estate & Personal | 1,511.20 | 1,511.20 | 1,511.20 | 1,511.20 | 1,511.20 | 1,513.60 |
| State Franchise | 8,040.00 | 8,039.40 | 3,406.05 | | | |
| County Property - Real Estate & Personal | 38,000.00 | 36,968.16 | 36,012.05 | 35,333.59 | 36,185.17 | 31,852.50 |
| City Property - Real Estate & Personal | 28,000.00 | 27,466.22 | 27,478.56 | 27,442.19 | 27,443.31 | 27,239.87 |
| TOTAL TAXES | \$140,122.88 | \$119,670.44 | \$99,426.75 | \$85,320.73 | \$78,601.08 | \$70,066.84 |
| Gross Revenue - All Departments | \$1,009,742.00 | \$853,804.15 | \$849,222.89 | \$760,168.37 | \$727,906.55 | \$762,988.47 |
| Per Cent of Gross | 13.88 | 12.55 | 11.71 | 11.22 | 10.80 | 9.10 |

2070

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COMPLAINANTS' EXHIBIT NO. 76

WEST TENNESSEE POWER & LIGHT COMPANY
JACKSON, TENNESSEE

EXHIBIT NO. _____

| | 12 Months Ended July 31, 1937 | Year 1936 | Year 1935 | Year 1934 | Year 1933 | Year 1932 | Year 1931 | Year 1930 | Year 1929 | Year 1928 | Year 1927 |
|---|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue from Residential and Farm Customers | \$217,011 | \$218,265 | \$209,118 | \$190,339 | \$197,654 | \$224,387 | \$227,088 | \$211,875 | \$192,330 | \$170,341 | \$134,999 |
| Energy Sales to Residential and Farm Customers - KWH | 4,237,028 | 4,355,295 | 3,770,203 | 3,324,874 | 2,977,147 | 3,127,409 | 3,035,832 | 2,855,486 | 1,938,875 | 1,441,807 | 1,120,233 |
| Energy Sales to All Other Customers - KWH | 14,485,190 | 12,942,391 | 9,854,887 | 8,748,048 | 8,349,114 | 8,739,308 | 8,988,212 | 9,779,029 | 10,012,235 | 8,262,844 | 6,235,893 |
| TOTAL ENERGY SALES TO CUSTOMERS - KWH | 19,322,218 | 17,297,686 | 13,625,090 | 12,072,922 | 11,326,261 | 11,866,717 | 11,972,044 | 12,434,515 | 11,951,110 | 9,704,651 | 7,356,126 |
| Interchange Sales - KWH | 0 | 0 | 960 | 1,440 | 480 | 1,440 | 35,040 | 31,201 | 10,800 | 109,710 | 0 |
| Interdepartmental Sales - KWH | 1,534,144 | 1,322,121 | 1,421,771 | 1,809,109 | 1,454,853 | 1,545,249 | 1,638,000 | 1,909,000 | 1,720,000 | 1,548,188 | 1,210,000 |
| TOTAL ENERGY SALES - KWH | 20,856,412 | 18,619,807 | 15,107,811 | 13,885,471 | 12,801,275 | 13,412,406 | 13,645,484 | 14,374,726 | 13,681,910 | 11,363,539 | 8,566,126 |
| Industrial Sales - KWH | 8,080,889 | 7,119,776 | 5,174,192 | 4,755,145 | 4,730,735 | 4,730,300 | 4,873,423 | 5,603,297 | 7,251,644 | 6,124,340 | 4,460,997 |
| Per Cent of Industrial KWH Sales to Total KWH Sales | 38.74 | 37.75 | 34.25 | 35.00 | 36.96 | 35.21 | 35.27 | 38.98 | 53.00 | 53.89 | 52.08 |
| Total Customers End of Period | 18,080 | 9,955 | 9,416 | 8,329 | 8,650 | 8,486 | 8,765 | 8,798 | 8,944 | 8,402 | 6,880 |
| K.W.H. Use per Average Residential & Farm Customer | 336 | 336 | 332 | 491 | 440 | 474 | 484 | 397 | 309 | 252 | 218 |
| Revenue per Average Residential & Farm Customer | \$28.14 | \$29.34 | \$29.52 | \$28.11 | \$30.51 | \$24.00 | \$25.80 | \$21.61 | \$30.61 | \$29.78 | \$24.71 |
| Rpts per KWH - Average Residential & Farm Customer - Cents | 4.50 | 5.01 | 5.35 | 5.72 | 6.64 | 7.17 | 7.34 | 7.97 | 9.22 | 11.83 | 12.25 |

Years 1927 to 1931 inclusive, Interdepartmental KWH eliminated from Total Energy Sales.
 Years 1932 to 1937 inclusive, No Interdepartmental KWH billed.

11/3/37

2073

COMPLAINANTS' EXHIBIT NO. 80

EAST TENNESSEE LIGHT & POWER CO.Tax Payments 1932-1937, Inclusive - 1937 Estimated

| Description | 1937 Est. | 1936 | 1935 | 1934 | 1933 | 1932 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Local Real Estate and Personal | \$49,993.33 | \$46,793.10 | \$42,269.86 | \$ 41,675.26 | \$46,992.63 | \$46,146.26 |
| Federal Bond Tax Paid at Source | 220.00 | 138.30 | 196.35 | 211.06 | 194.55 | 200.30 |
| Federal 3% Excise on Electric Sales | 14,910.80 | 14,427.11 | 13,051.18 | 12,184.49 | 11,582.75 | 6,012.57 |
| Federal Excise, Documentary Stamps & Misc. | 273.46 | 241.77 | 290.85 | 507.38 | 444.61 | 393.13 |
| Federal Capital Stock Tax | 1,237.50 | 1,133.00 | 1,008.00 | 750.00 | 250.00 | - |
| State Franchise Tax - Tenn. | 2,028.00 | 1,927.50 | 2,904.75 | - | - | - |
| State Franchise Tax - Va. | 5,770.52 | 5,016.49 | 4,669.93 | 4,596.76 | 2,832.28 | 3,584.18 |
| Privilege License - Gas, Elec., Misc. & Cabs | 6,624.74 | 7,791.93 | 7,436.06 | 7,495.98 | 7,649.53 | 7,297.53 |
| Motor Vehicle License Plates | 691.20 | 513.20 | 696.07 | 690.02 | 731.34 | 731.38 |
| State Gasoline Tax (Va., Tenn., & N.C.) | 2,226.83 | 1,914.93 | 1,701.50 | 1,633.17 | 1,348.72 | 1,751.03 |
| Public Utility Commission Fees | 1,951.45 | 1,759.31 | 1,640.12 | 1,091.86 | 1,102.34 | 997.44 |
| State Income (Excise) - Tennessee | 1,269.96 | 538.12 | - | - | - | 364.89 |
| State Income Tax - North Carolina | 62.12 | 62.12 | 75.66 | 69.60 | 7.72 | 65.89 |
| State Corporate Filing Fees | 175.00 | 180.00 | 295.00 | 295.00 | 295.00 | 295.00 |
| Federal Income Tax | 6,700.00 | 3,054.73 | 7,325.61 | 4,429.30 | - | 6,342.93 |
| Federal Old Age Benefit Tax | 2,203.40 | - | - | - | - | - |
| Federal Unemployment Tax | 213.93 | 193.98 | - | - | - | - |
| State Unemployment - Tenn. | 4,335.62 | 1,724.66 | - | - | - | - |
| State Unemployment - North Carolina | 25.87 | 21.13 | - | - | - | - |
| Gross Receipts Tax | 4,773.81 | - | - | - | - | - |
| TOTAL TAXES | 106,687.57 | 87,431.38 | 83,479.56 | 75,629.86 | 73,531.47 | 74,182.06 |
| Gross Revenue | 860,573.00 | 764,163.74 | 690,024.49 | 646,122.85 | 631,565.92 | 668,062.67 |
| % of Gross Revenue | 12.28 | 11.44 | 12.10 | 11.71 | 11.64 | 11.10 |

COMPLAINANTS' EXHIBIT NO. 81

TENNESSEE EASTERN ELECTRIC COMPANYTax Payments for Years 1932-1937, Inclusive - 1937 Estimated

| Description | 1937 Est. | 1936 | 1935 | 1934 | 1933 | 1932 |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|
| Local Real Estate and Personal | \$74,419.59 | \$74,188.65 | \$69,138.94 | \$64,788.36 | \$69,665.53 | \$70,577.59 |
| Federal Bond Tax Paid at Source | 1,345.00 | 1,302.75 | 1,322.80 | 1,330.80 | 1,353.85 | 1,298.80 |
| Federal 3% Excise on Electric Sales | 13,576.23 | 12,180.86 | 10,633.79 | 9,813.80 | 9,819.38 | 5,276.58 |
| Federal Excise, Documentary Stamp, and Misc. | 161.05 | 180.34 | 185.91 | 325.57 | 401.42 | 384.28 |
| Federal Capital Stock | 2,070.00 | 2,000.00 | 795.00 | 800.00 | 800.00 | - |
| State Franchise - Tennessee | 4,544.00 | 4,467.72 | 3,795.00 | - | - | - |
| Privilege Licenses - Elec. & Misc. | 5,394.62 | 5,702.54 | 5,509.33 | 5,421.87 | 5,441.54 | 4,713.78 |
| Motor Vehicle License Plates | 389.00 | 327.50 | 421.38 | 380.48 | 467.25 | 438.77 |
| State Gasoline Tax | 992.60 | 1,022.98 | 870.58 | 1,304.45 | 1,687.63 | 2,054.99 |
| Public Utility Commission Fee | 1,883.56 | 1,592.92 | 1,433.07 | 734.22 | 789.18 | 844.16 |
| State Income (Excise) - Mass. | 342.00 | 338.11 | 341.06 | 237.06 | 321.86 | 364.84 |
| State Income (Excise) - Tenn. | 7,200.00 | 1,822.20 | - | - | 648.30 | - |
| State Corporate Filing Fees | 160.00 | 160.00 | 160.00 | 160.00 | 160.00 | 160.00 |
| Federal Income | 68,138.08 | 23,786.81 | - | 1,834.47 | - | - |
| Federal Old Age Benefit | 1,536.52 | - | - | - | - | - |
| Federal Unemployment | 310.03 | 136.45 | - | - | - | - |
| State Unemployment - Tenn. | 2,832.54 | 1,229.87 | - | - | - | - |
| Gross Receipts Tax | 5,065.64 | - | - | - | - | - |
| TOTAL TAXES | 190,380.40 | 130,419.90 | 94,666.87 | 87,131.68 | 91,565.11 | 86,113.78 |
| Gross Earnings | 896,126.00 | 765,236.69 | 654,429.27 | 534,027.69 | 568,780.84 | 598,421.22 |
| % of Gross Earnings | 21.25 | 17.04 | 14.47 | 14.92 | 16.10 | 14.39 |

COMPLAINANTS' EXHIBIT NO . 84

EAST TENNESSEE LIGHT & POWER CO.

| <u>Item</u> | <u>Miles of Transmission Line</u> | <u>Miles of Distribution Line</u> | <u>Total No. of Customers</u> | <u>No. of Towns & Communities Served</u> | <u>Kwh Sold to Regular Customers</u> |
|------------------------|---|---|---------------------------------------|--|--|
| Yr. End. Dec. 31: | | | | | |
| 1927 | 26.6 | 128.7 | 8830 | 30 | 10,425,636 |
| 1928 | 45.0 | 172.4 | 6770 | 30 | 12,723,381 |
| 1929 | 58.0 | 245.1 | 8112 | 30 | 16,123,281 |
| 1930 | 69.0 | 288.0 | 8849 | 30 | 16,856,383 |
| 1931 | 79.0 | 307.7 | 8841 | 31 | 16,329,901 |
| 1932 | 79.0 | 317.7 | 8781 | 31 | 14,536,584 |
| 1933 | 79.0 | 319.5 | 8386 | 31 | 14,252,343 |
| 1934 | 79.0 | 322.0 | 8708 | 31 | 15,849,493 |
| 1935 | 79.0 | 327.6 | 9158 | 31 | 18,808,849 |
| 1936 | 83.7 | 354.4 | 9815 | 31 | 22,994,848 |
| Yr. End. July 31, 1937 | 86.5 | | 10812 | 32 | 26,681,737 |

| <u>Item</u> | <u>No. Residential Customers</u> | | | <u>Kwh Per Residential Cust.</u> | | | <u>Rev. per Res. Customer</u> | | |
|------------------------|----------------------------------|--------------|--------------|----------------------------------|--------------|--------------|-------------------------------|--------------|--------------|
| | <u>Urban</u> | <u>Rural</u> | <u>Total</u> | <u>Urban</u> | <u>Rural</u> | <u>Total</u> | <u>Urban</u> | <u>Rural</u> | <u>Total</u> |
| Yr. End. Dec. 31: | | | | | | | | | |
| 1927 | 4532 | | 4532 | 511 | | 511 | \$26.89 | | \$26.50 |
| 1928 | 5206 | 53 | 5259 | 369 | 480 | 361 | 28.67 | \$55.02 | 28.33 |
| 1929 | 6286 | 126 | 6411 | 381 | 406 | 381 | 30.16 | 41.71 | 30.30 |
| 1930 | 6845 | 244 | 6889 | 480 | 472 | 422 | 29.36 | 32.72 | 29.30 |
| 1931 | 6846 | 628 | 7174 | 478 | 482 | 479 | 31.72 | 35.58 | 31.71 |
| 1932 | 6328 | 724 | 7052 | 506 | 534 | 508 | 32.30 | 38.34 | 32.91 |
| 1933 | 5868 | 1079 | 6747 | 535 | 489 | 529 | 35.09 | 35.73 | 35.56 |
| 1934 | 5843 | 1060 | 6993 | 597 | 578 | 596 | 31.96 | 35.13 | 32.12 |
| 1935 | 6235 | 1151 | 7386 | 706 | 627 | 693 | 33.13 | 30.96 | 32.79 |
| 1936 | 6606 | 1573 | 7979 | 825 | 664 | 797 | 35.24 | 31.01 | 34.51 |
| Yr. End. July 31, 1937 | 6815 | 1572 | 8387 | 887 | 686 | 849 | 35.89 | 30.91 | 34.96 |

| <u>Average Residential Rate</u> | | |
|---------------------------------|--------------|--------------|
| <u>Urban</u> | <u>Rural</u> | <u>Total</u> |
| .085 | | .085 |
| .080 | .114 | .089 |
| .079 | .103 | .079 |
| .089 | .089 | .089 |
| .085 | .074 | .086 |
| .084 | .073 | .085 |
| .082 | .071 | .083 |
| .083 | .067 | .084 |
| .087 | .069 | .087 |
| .083 | .067 | .083 |
| .080 | .065 | .081 |

COMPLAINANTS' EXHIBIT NO. 85

TENNESSEE EASTERN ELECTRIC CO.

| <u>Item</u> | <u>Miles of Transmission Line</u> | <u>Miles of Distribution Line</u> | <u>Total No. of Customers</u> | <u>No. of Towns & Communities Served</u> | <u>Kwh Sold to Regular Customers</u> |
|------------------------|-----------------------------------|-----------------------------------|-------------------------------|--|--------------------------------------|
| Yr. End. Dec. 31: | | | | | |
| 1927 | 68.5 | 173.0 | 6448 | 23 | 18,492,608 |
| 1928 | 68.5 | 214.0 | 7134 | 23 | 18,738,925 |
| 1929 | 68.5 | 255.5 | 7797 | 23 | 17,894,531 |
| 1930 | 68.5 | 288.2 | 7578 | 24 | 16,083,288 |
| 1931 | 68.5 | 343.9 | 7669 | 24 | 15,961,353 |
| 1932 | 68.5 | 340.4 | 7420 | 24 | 14,490,332 |
| 1933 | 68.5 | 342.0 | 7035 | 24 | 13,417,458 |
| 1934 | 68.5 | 354.6 | 7309 | 35 | 14,672,420 |
| 1935 | 68.5 | 376.4 | 7596 | 45 | 18,873,728 |
| 1936 | 65.7 | 442.7 | 8198 | 51 | 24,548,569 |
| Yr. End. July 31, 1937 | 65.7 | | 8642 | 57 | 27,879,817 |

| <u>Item</u> | <u>No. Residential Customers</u> | | | <u>Kwh Per Residential Cust.</u> | | | <u>Rev. Per Res. Customer</u> | | |
|------------------------|----------------------------------|--------------|--------------|----------------------------------|--------------|--------------|-------------------------------|--------------|--------------|
| | <u>Urban</u> | <u>Rural</u> | <u>Total</u> | <u>Urban</u> | <u>Rural</u> | <u>Total</u> | <u>Urban</u> | <u>Rural</u> | <u>Total</u> |
| Yr. End. Dec. 31: | | | | | | | | | |
| 1927 | 4805 | | 4805 | 238 | | 238 | \$24.76 | | \$24.76 |
| 1928 | 4947 | | 4947 | 264 | | 264 | 27.00 | | 27.00 |
| 1929 | 6058 | | 6058 | 378 | | 378 | 28.32 | | 28.32 |
| 1930 | 4589 | 1420 | 6009 | 534 | 300 | 479 | 33.42 | 20.36 | 30.34 |
| 1931 | 4616 | 1480 | 6076 | 565 | 508 | 552 | 32.65 | 33.36 | 32.82 |
| 1932 | 4378 | 1520 | 5898 | 639 | 496 | 605 | 35.59 | 32.17 | 34.86 |
| 1933 | 4000 | 1522 | 5522 | 663 | 490 | 616 | 36.34 | 31.82 | 34.84 |
| 1934 | 4080 | 1652 | 5732 | 745 | 516 | 679 | 34.89 | 28.00 | 32.90 |
| 1935 | 4278 | 1798 | 6066 | 879 | 607 | 799 | 36.09 | 25.24 | 33.92 |
| 1936 | 4511 | 2035 | 6546 | 1029 | 695 | 925 | 38.51 | 30.78 | 36.10 |
| Yr. End. July 31, 1937 | 4519 | 2304 | 6923 | 1103 | 714 | 973 | 39.47 | 31.19 | 36.71 |

| <u>Average Residential Rate</u> | | |
|---------------------------------|--------------|--------------|
| <u>Urban</u> | <u>Rural</u> | <u>Total</u> |
| .104 | | .104 |
| .075 | | .075 |
| .075 | | .075 |
| .062 | .068 | .063 |
| .068 | .066 | .066 |
| .066 | .065 | .066 |
| .065 | .065 | .067 |
| .047 | .064 | .048 |
| .041 | .047 | .043 |
| .037 | .044 | .039 |
| .036 | .044 | .038 |

COMPLAINANTS' EXHIBIT NO. 86

SOUTHERN TENNESSEE POWER COMPANY

TAXES PAID FOR THE FOLLOWING YEARS.

| | 1932 | 1933 | 1934 | 1935 | 1936 | Estimated 1937 |
|-------------------------------|----------|----------|----------|----------|----------|-------------------|
| Property | 2,970.78 | 2,968.68 | 2,966.70 | 3,278.58 | 3,341.88 | 3,400.00 |
| Federal Income | | | 428.92 | 807.47 | 1,206.33 | 1,200.00 |
| Federal Capital Stock | | 1.00 | 100.00 | 103.00 | 150.00 | 156.00 |
| Federal Excise on Bank Checks | .24 | .60 | .80 | | | |
| Alabama Franchise | 982.20 | 991.40 | 991.40 | 991.40 | 1,000.40 | 1,000.00 |
| Delaware Franchise | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 | 75.00 |
| Tennessee Franchise | | | | 28.38 | 11.16 | 10.00 |
| Alabama Registration Fee | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Delaware " " | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Tennessee Filing Fee | 150.00 | 150.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Total | 4,280.22 | 4,283.68 | 4,674.82 | 5,395.80 | 5,896.77 | 5,953.00 |

COMPLAINANTS' EXHIBIT No. 91

where progress and development are being hampered for the lack of hydro-electric power, to secure same.

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"6. The following exhibits are filed herewith and made a part of this application:" (pp. 1-3)

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[fol. 2086]

"Exhibit 'G'

"Statement as to Applicant's Financial Ability

"The applicant is one of the largest public utility corporations operating in the Southern States with an established and constantly increasing business as a public utility, serving hydro-electric power through practically the entire State of Alabama. Applicant has an established and ready market for its securities, and through the sale of these, contemplates financing this project." (p. 15)

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"Exhibit 'H'

"Effect of Project on Stream Flow

"The plants make provision for a future lock at the west end of the dam. The project will provide a navigable pool extending from the dam site to Mitchell Dam, located approximately twenty miles above this site. It is proposed to build the dam to a height which will provide for a permissible drawdown of five feet below the level of the crest of the spillway, and at the same time provide for a six-foot navigation up to the lower entrance of the future lock at Mitchell Dam. The relation of the project now applied for to a comprehensive scheme of navigation improvement is shown by Map No. 1 of Exhibit 'J'. The applicant proposes to release water so that whenever the flow of the Alabama River at Montgomery, Alabama, is less than 6,000 cubic feet per second, and whenever directed so to do by the Secretary of War, there shall be released from the Lock 18 reservoir sufficient water to produce a flow of 6,000 cubic feet per second at said place: provided that the

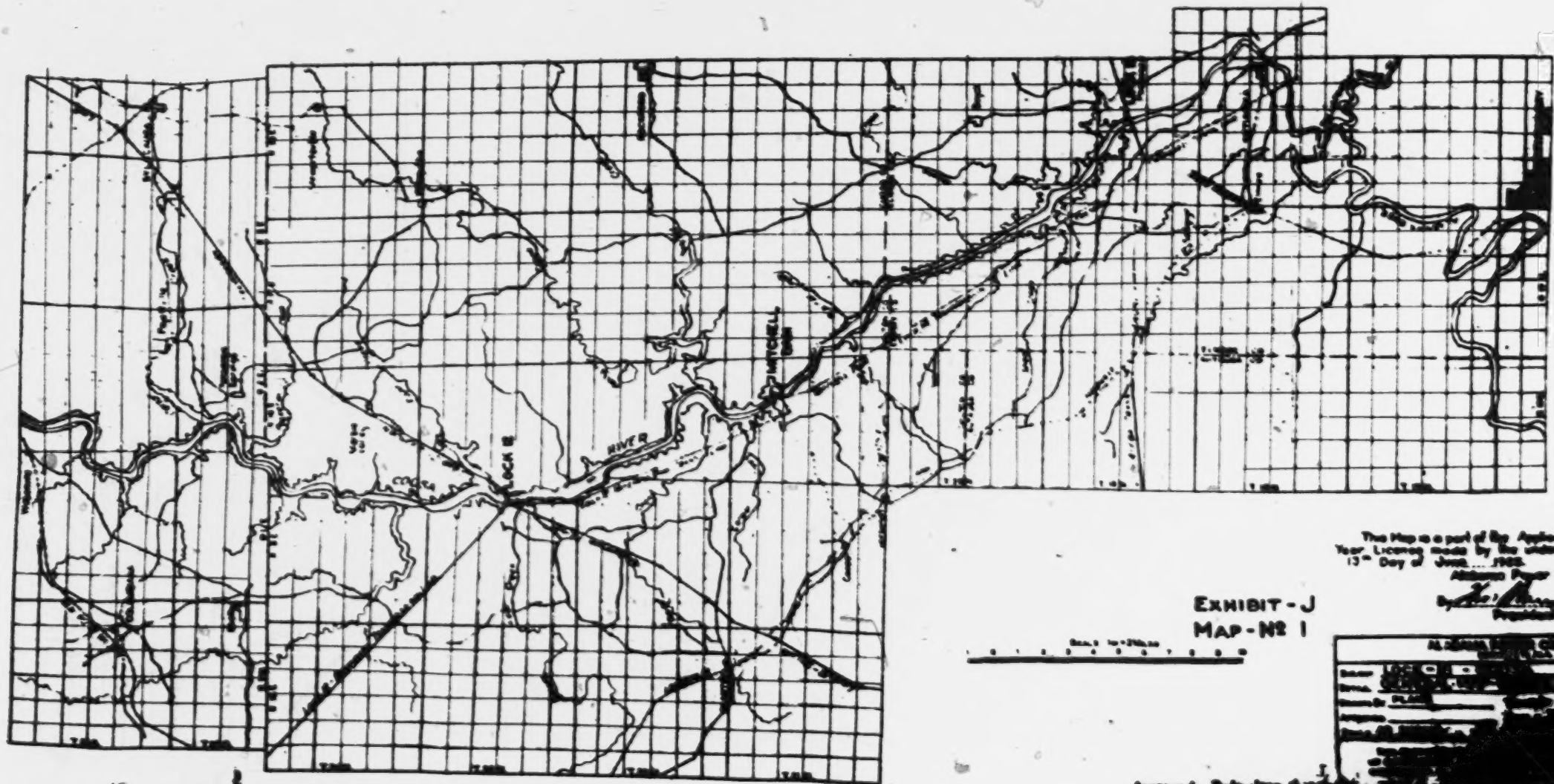
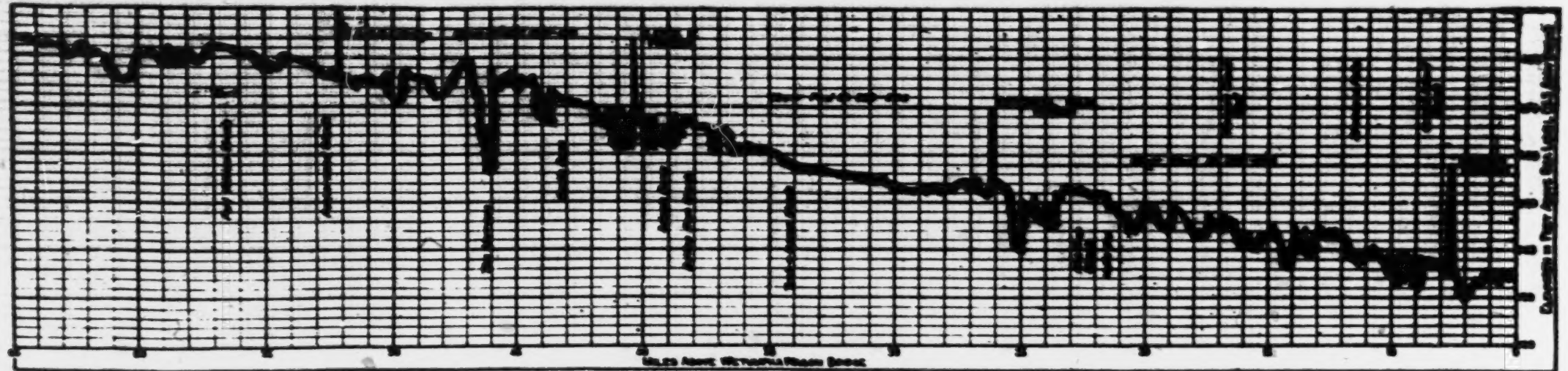
COMPLAINANTS' EXHIBIT No. 91

applicant shall not be required to release for the purpose above named more than the normal flow of the river when this flow is below 5,000 cubic feet per second, and provided further that the applicant will not be required to pass more than 5,000 cubic feet per second at any stage unless it desires to do so for the production of power or for release of flood waters." (p. 16)

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(Here follow 2 photolithographs, side folios 2087 and 2088)



This Map is a part of the Application for Fifty Year License made by the undersigned this 13th Day of June, 1948.

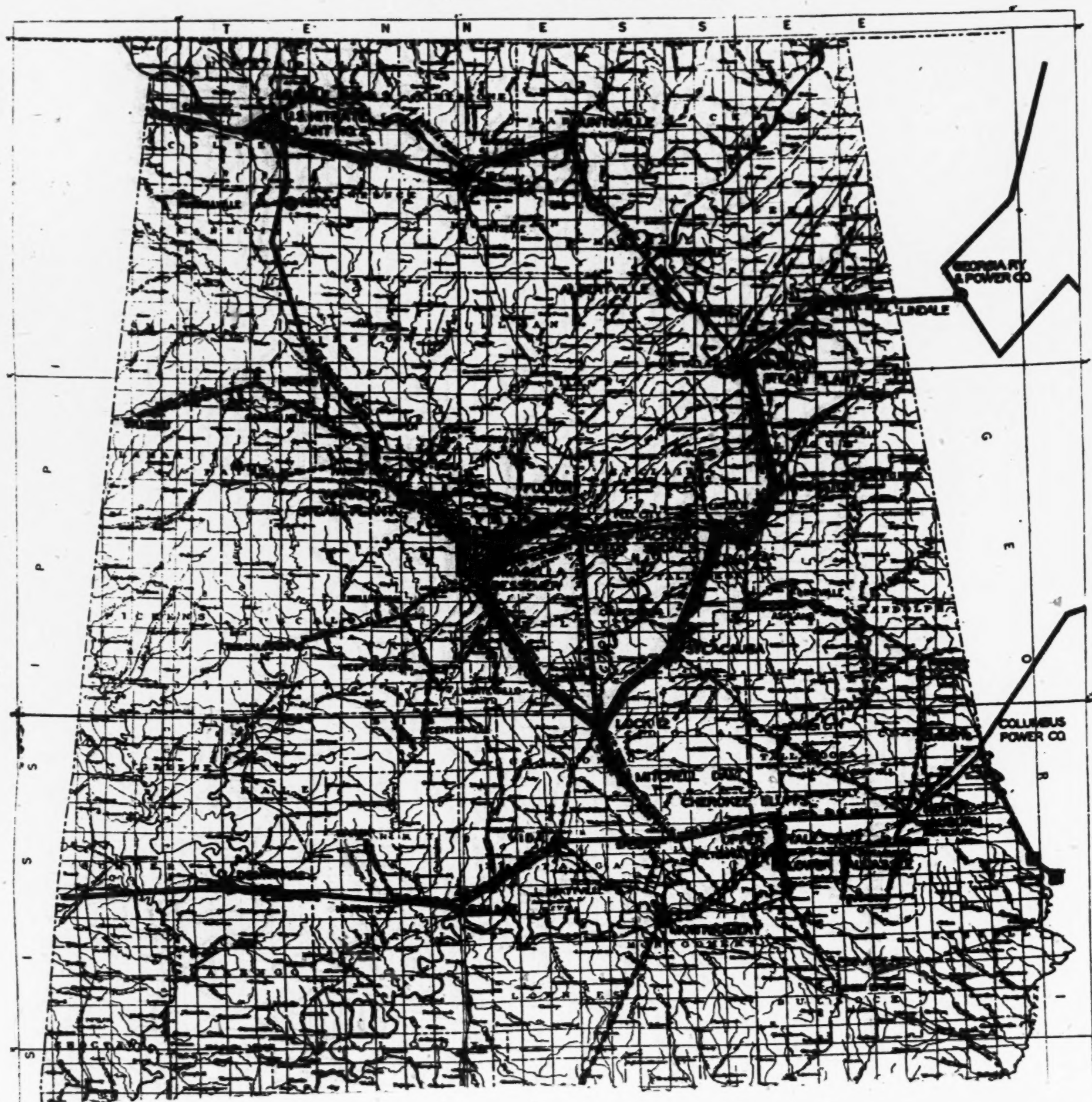
Albion Power Company
By *[Signature]*
President

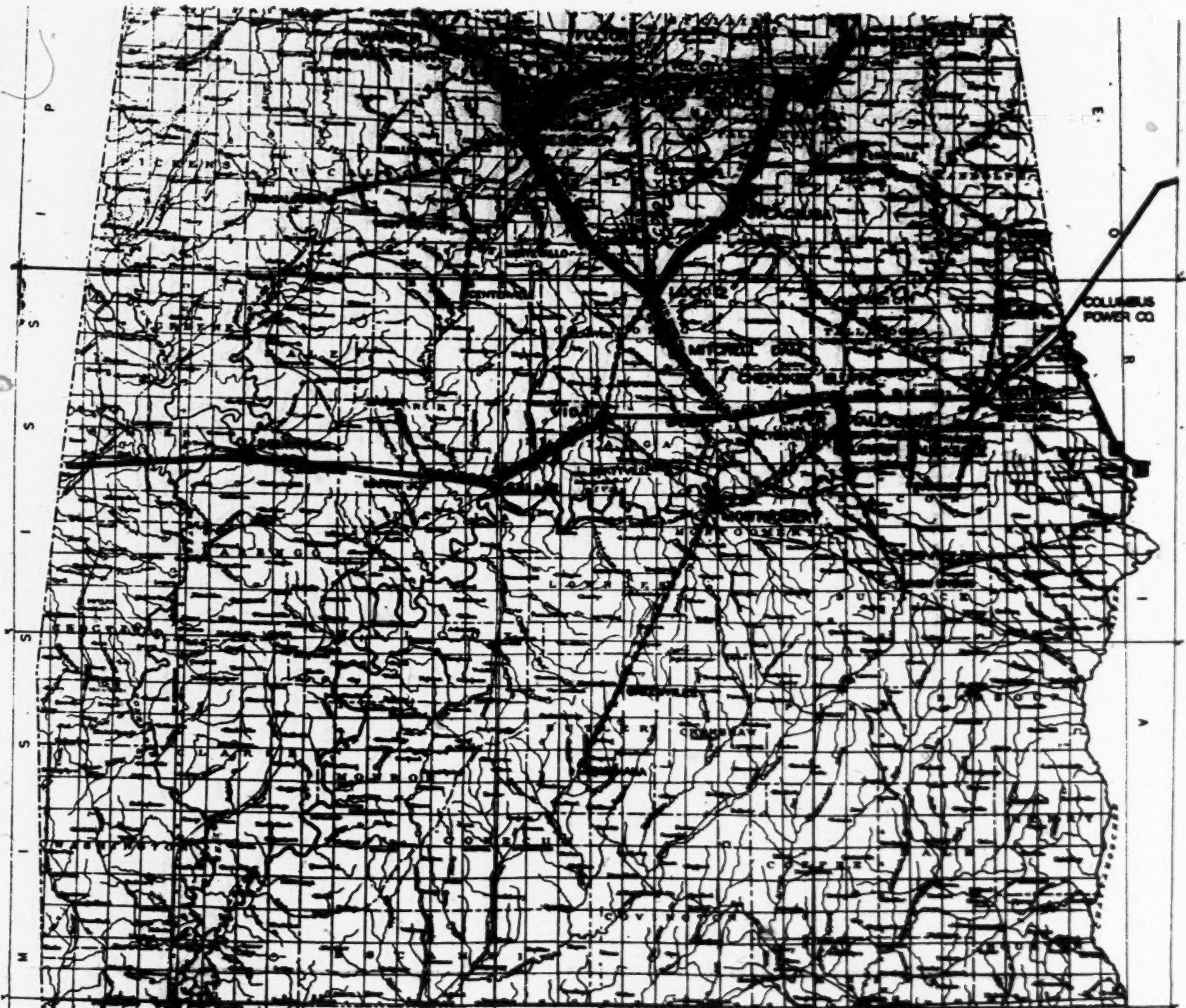
EXHIBIT - J
MAP - N2 1

ALBION POWER COMPANY

Approved *[Signature]*

Complainants' Exhibit No. 91





COLUMBUS POWER CO

F L A.

EXHIBIT J
MAP No 2

This Map is a part of the Application
for a Fifty Year License made by the
undersigned this 1st day of June 1925

By *[Signature]*
President.

Approved, Date June 13 1925

F M E X I C O

ALABAMA POWER CO ELECTRICAL DISTRIBUTING SYSTEM

- TRANSMISSION LINES 110,000 VOLTS
- " " 44,000
- OTHER COMPANIES' LINES
- HYDRO-ELECTRIC PLANT
- STEAM PLANT
- SUBSTATION

SCALE OF MILES
0 10 20 30 40 50

[Signature]
Chief Engineer Alabama Power Co.

APRIL 1936

COMPLAINANTS' EXHIBIT No. 91

[fol. 2089]

"Exhibit 'M'"

"General Description and General Specifications of Mechanical, Electrical and Transmission Equipment and Appurtenances"

"This project contemplates the construction of a dam and power house on Coosa River in vicinity of site known as Lock 18 as designated by survey of Coosa River from Lock No. 4 in Alabama to Wetumpka, Alabama, made August 2, 1903, to December 19, 1903, under the direction of J. B. Cavanaugh, Corps of Engineers, U. S. A. and by D. M. Andrews, Assistant Engineer, and N. A. Yuille, Chief of Party as indicated in Exhibit 'K' and 'L' herewith attached.

"The dam will be of solid concrete masonry construction, raising elevation of pool approximately 95 feet above present low water level.

"The power house will consist of foundations for five generating units, two units of which will be installed in first construction. Further provisions will be made for three more generating units to be constructed from time to time to meet the reasonable market demands for power.

"The generating units in first construction will consist of two vertical type water wheels of approximately 36,000 hp. each driving generators of approximately 25,000 kw. capacity each.

"Power will be generated at 13,200 volts, stepping up to 110,000 volts for transmission.

"This station will be connected to the transmission line system of the Alabama Power Company by means of the now existing transmission line in the vicinity of this site." (p. 18)

COMPLAINANTS' EXHIBIT No. 91

[fol. 2090]

"Exhibit 'N'"

"Estimated Cost of Project"

| | |
|---|-----------------------|
| "Earth and Rock Excavation | 275,000 cubic yards. |
| Concrete | 354,000 cubic yards. |
| Railroad | 10 miles. |
| Initial Installation | 72,000 horsepower. |
| Lands for Reservoir | 8000 acres. |
| Total Estimated Cost of Initial Installation | \$13,250,000" (p. 20) |

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"Exhibit 'O'"

"A Detailed Statement of the Time Required for Completing the Preliminary Construction and for Beginning and Completing the Construction of The Project

"The applicant desires to begin preliminary construction of the project works on or before December 1, 1925. It is estimated that it will require approximately three years for the initial installation. The time required for installation of each additional unit is estimated to be approximately one year, and it is proposed to construct the additional units from time to time to meet the reasonable market demands for power." (p. 21)

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(b) License:

The following copy of the license issued by the Federal Power Commission to construct Jordan Dam is typical of the licenses issued to construct Mitchell Dam and the Cherokee Bluffs unit (Martin Dam):

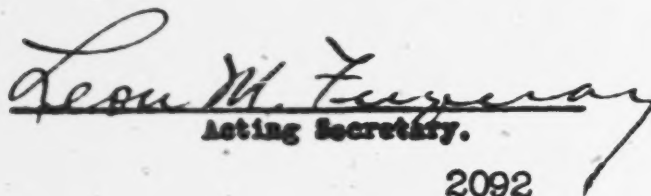
[fol. 2091] (Here the Entire Jordan Dam License will be introduced in Evidence as Typical of All Other Licenses)

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UNITED STATES OF AMERICA
FEDERAL POWER COMMISSION

I, LEON M. FUQUAY, Acting Secretary of the Federal Power Commission, hereby certify that the attached document is a full, true and correct copy of a license issued on November 7, 1925 by the Federal Power Commission to Alabama Power Company, a corporation organized and existing under the laws of the State of Alabama, for the construction, operation and maintenance of a hydro-electric project, known as project No. 618 on the Coosa River, in the Counties of Elmore, Chilton and Coosa in the State of Alabama.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Federal Power Commission at the City of Washington, District of Columbia, on the 20th day of July, 1936.


Acting Secretary.

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THE FEDERAL POWER COMMISSION.**LICENSE ON NAVIGABLE WATERS.**

Project No. 618

ALABAMA**ALABAMA POWER COMPANY.**

WHEREAS, by Act of Congress, approved June 10, 1920 (41 Stat., 1063) designated therein as "The Federal Water Power Act" and hereinafter called "the Act," the Federal Power Commission, hereinafter called "the Commission," is authorized and empowered, inter alia, to issue licenses for the purpose of constructing, operating, and maintaining dams, water conduits, reservoirs, power houses, transmission lines, or other project works necessary or convenient for the development, transmission and utilization of power across, along, from or in any of the navigable waters of the United States, or upon any part of the public lands and reservations of the United States (including the Territories) or for the purpose of utilizing the surplus water or water power from any Government dam; and

WHEREAS, **Alabama Power Company,** _____
hereinafter called "the Licensee," a public-utility corporation
organized and existing under the laws of the State of **Alabama,**
and having its office and principal place of business in the city of
Attalla, in the State of **Alabama,** has

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made application in due and proper form to the Commission for a license for a power project designated as Project No. 628 on the records of the Commission, and for authority to construct, maintain and operate, at the site of the proposed United States Dam, designated as old No. 18 in H.R. 253, 63rd Congress, first session in the vicinity of Wetumpka in the Counties of Elmore, Chilton and Coosa, State of Alabama, certain project works, as hereinafter described, necessary or convenient for the development and improvement of navigation and for the development, transmission and utilization of power across, along, from and in navigable waters of the United States; and upon the public lands and reservations of the United States; and _____

WHEREAS, the Licensee has submitted to the Commission satisfactory evidence of its compliance with the laws of the State Alabama, as required by Section 9, subsection (b) of the Act, and the Commission is satisfied as to the ability of the Licensee to carry out the plans for said project as filed with said application; and

WHEREAS, notice of said application has been given and published by the Commission, as required by Section 4 of the Act; full opportunity has been given to all interested parties to be heard, and no application for said project, or in conflict therewith, has been filed by any State or municipality; and

WHEREAS, the maps, plans and specifications of said project and of said project works, as hereinafter described, have been approved by the Commission, and the plans of the dam and other structures affecting navigation have been approved by the Chief of Engineers and the Secretary of War; and

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WHEREAS, the Commission has found that said project, as hereinafter described, will be best adapted to a comprehensive scheme of improvement and utilization of said waterway for the purposes of navigation, of water power development and other beneficial public uses; and

WHEREAS, the Commission did on the Third day of _____, _____ find that the contemplated improvement is desirable and justified in the public interest for the purpose of improving or developing a waterway, namely, said **Cocosa River**, _____ for the use or benefit of interstate and foreign commerce, a certified copy of the records of the Commission containing such finding being hereto attached; and

WHEREAS, the Licensee, on the _____ day of _____, _____ pursuant to an authorization of its board of directors, a copy of the record thereof being hereto attached, accepted in writing all the terms and conditions of the Act and of this license;

NOW, THEREFORE, the Commission hereby issues this license to the Licensee for the purpose of constructing, operating and maintaining certain project works necessary or convenient for the development and improvement of navigation and for the development, transmission and utilization of power across, along, from or in said **Cocosa River**, _____, navigable waters of the United States, and constituting a part of the project hereinafter described; said license, including the period thereof, being subject to all the terms and conditions of the Act and of the rules and regulations of the Commission pursuant

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thereto as amended and made effective on the first day of April, 1924, as though fully set forth herein, which said rules and regulations are attached hereto and made a part hereof, and being subject also to the following express conditions and limitations, to wit:

Article 1. This license is issued for a period of fifty (50) years from the date hereof, and in consideration of such license and the benefits and advantages accruing thereunder to the Licensee it is expressly agreed by the Licensee that the entire project, project area and project works as hereinafter designated and described, whether or not located in, on or along said Coosa River, or upon lands of the United States, shall be subject to all the terms and conditions of this license, including the terms and conditions of the Act and of the rules and regulations of the Commission pursuant thereto and made a part of this license.

Article 2. The project covered by and subject to this license is located at the proposed U.S. Dam in the vicinity of Wetumpka, Alabama, No. 18, as said dam is designated in H. D. 253, 63rd Congress, first session, and consists of—

A. All lands constituting the project area and inclosed, or the location of which is shown, by the project boundary, and/or interests in such lands necessary or useful for the purposes of the project, whether such lands or interests therein are owned or held by the Licensee or by the United States; such project area and project boundary being more fully shown and described by certain exhibits which accompanied said application for license and which are designated and described as follows:

Exhibit J - In one sheet with title - "General Map, Showing Location of Site" (No. D-14451):

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Exhibit X - In 19 sheets with titles as follows:

Sheets 1 to 11, inclusive - "Map of Reservoir" (No. D-14450);

Sheet 12 - "Detail Topography and Soundings at Site" (No. D-14455);

Sheets 13 to 19, inclusive - "Soundings Below Mitchell Dam for Boat Channel" (No. D-6525).

Each of the above exhibits signed by Thomas W. Martin, President, June 13, 1925.

B. All project works, consisting of a dam, a power house with appurtenant equipment and an outdoor substation; the location, nature, and character of which project works are more fully shown and described by certain exhibits which accompanied said application for license and which are designated and described as follows:

Exhibit I - Plans, in three sheets, with titles as follows:

No. 1 - "General Lay-out" (No. D-14451);

No. 2 - "Plan and Section of Power House" (No. D-14453);

No. 3 - "Typical Sections of Dam and Stress Diagrams" (No. D-14452);

Exhibit II - General description and general specifications of mechanical, electrical, and transmission equipment and appurtenances.**Exhibit P** - Maps in six sheets with titles as follows:

No. 1 - "Map of Site Showing Borings and Test Pits" (No. D-14449);

No. 2 - "Cross Section of Site Showing Borings and Test Pits" (No. D-14449);

No. 3 - "Map Showing Borings and Test Pits" (No. D-14449);

No. 4 - "Cross Sections of Site Showing
Borings and Test Pits" (No. D-14449);

No. 5 - "Cross Sections of Locks Showing
Borings and Test Pits" (No. D-14449);

No. 9 - "General Plan and Sections of Lock Wall
and Approaches" (No. D-14434);

All of said exhibits having been signed by Thomas W. Martin,
President, June 13, 1925.

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9. All other structures, fixtures, equipment, or facilities used or useful in the maintenance and operation of the project and located upon the project area, including such portable property as may be used and useful in connection with the project or any part thereof, whether located on or off the project area, if and to the extent that the inclusion of such property as a part of the project works is approved or acquiesced in by the Commission; also all other rights, easements, or interests the ownership, use, occupancy or possession of which is necessary or appropriate in the maintenance and operation of the project or appurtenant to the project area.

Article 3. The maps, plans, specifications, and statements designated and described in Article 2 hereof as Exhibits J, K, L, M, and P, respectively, and approved by the Executive Secretary for the Commission in accordance with its authorization of October 3, 1925, are hereby made a part of this license, and no substantial change shall hereafter be made in said exhibits, or any of them, until such change shall have been approved by the Commission: Provided, however, that if the Licensee deems it necessary or desirable that said approved maps, plans, specifications and statements, or any of them, be changed there shall be submitted to the Commission for approval amended, supplemental, or additional maps, plans, specifications and statements covering the proposed changes, and upon approval by the Commission of such proposed changes such amended, supplemental or additional maps, plans, specifications and statements shall become a part of this license and shall supersede, in whole or in part, such map, plan, specification, or statement, or part thereof, theretofore made a part of this license as may be specified, respectively, in the order or endorsement of approval.

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Article 4. Said project works shall be constructed in substantial conformity with the approved maps, plans and specifications thereof made a part of this license and designated and described in Articles 2 and 3 hereof or as changed in accordance with the provisions of said Article 3. Except when emergency shall require for the protection of navigation, life, health, or property, no substantial alteration or addition not in conformity with the approved plans shall be made to any dam or other project works constructed under this license without the prior approval of the Commission; and any emergency alteration or addition so made shall thereafter be subject to such modification and change as the Commission shall direct. Minor changes in or divergence from such approved maps, plans, and specifications may be made in the course of construction, if such changes will not result in decrease in efficiency, in material increase in cost, or in impairment of the general scheme of development; but any such minor changes made without the prior approval of the Commission which in its judgment have produced or will produce any of such results shall be subject to such alteration as the Commission may direct.

Article 5. The work of construction under this license, whether or not conducted upon lands of the United States, shall be subject to the inspection and approval of the U. S. District Engineer at Montgomery, Alabama, or of such other officer or agent as the Commission may designate, who shall be the authorized representative of the Commission for such purposes. The Licensee shall notify such representative of the date upon which work will begin, and as far in advance thereof as said representative may reasonably specify, and shall notify him promptly in writing of any suspension of construction for a period of more than one week, and of its resumption and completion.

Article 6. Subject to the provisions of Section 13 of the Act, the Licensee shall begin the construction of said project works within nine months after issuance of this license, shall thereafter, in good faith and with due diligence prosecute such construction; and shall

(a) On or before December 31, 1928, complete said project to an installation of two units having an aggregate capacity of not less than 72,000 horsepower, and

(b) From time to time thereafter, as the Commission may direct, install three additional units having an aggregate capacity of approximately 108,000 horsepower.

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Article 7. Upon the completion of the project works, or at such other time as the Commission may direct, the Licensee shall submit to the Commission for approval revised maps, plans, specifications, and statements, in so far as necessary to show any divergence from or variations in the project area as finally located or in the project works as constructed when compared with the area shown and the works designated or described in this license or in the maps, plans, specifications, and statements approved by the Commission under the provisions of Article 3 hereof, together with a statement in writing setting forth the reasons which in the opinion of the Licensee necessitated or justified variations in or divergence from the approved maps, plans, specifications, and statements. Such revised maps, plans, specifications, and statements shall, if and when approved by the Commission, be made a part of this license and shall, to the extent and in the particulars set forth in the order or endorsement of approval, be substituted for the maps, plans, specifications and statements theretofore approved by the Commission under the provisions of Article 3 hereof. The maps finally approved by the Commission and made a part of this license under the provisions of Article 3 and/or 7 hereof shall show the project area to an adequate scale and the boundary thereof either by legal subdivisions, by metes and bounds survey, or by uniform offsets from center-line survey. Said project area shall include all lands without respect to ownership and whether or not the exact boundaries can be definitely fixed and determined, the use and occupancy of which are or will be valuable or serviceable in the maintenance and operation of the project; on which are located or to which are appurtenant the project works (other than portable property) and the rights, easements, or interests likewise valuable and serviceable; and the ownership or possession, or the right of use and occupancy, of which are subject to acquisition by the United States under the provisions of Section 14 of the Act. Said maps shall show the ownership of each parcel of land in said project area, and with respect to each parcel to which the Licensee has not the fee title, the character of the right of use and occupancy possessed by the Licensee together with the term of such right.

Article 8. In so far as any material is dredged or excavated in the prosecution of the work herein authorized, it shall be removed and deposited so it will not interfere with navigation and to the satisfaction of said District Engineer.

Article 9. For the purpose of determining the stage and flow of the stream or streams from which water is to be diverted for the operation of said project works, and of the amount of water held in and drawn from storage, ~~the Licensee shall~~ that required for navigation, the Licensee shall, upon completion of said project works, install and thereafter maintain a standard gage in the reservoir and another in the tailwater immediately below the power house; shall, before completion of said project works, install and thereafter maintain a standard gaging station at a point in the Alabama River in the vicinity of Montgomery, Alabama; and

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shall provide for the required readings of such gages and for the adequate rating of said station or stations. The Licensee shall also install and maintain standard meters adequate for the determination of the amount of electric energy generated by said project works. The number, character, and location of gages, meters or other measuring devices, and the method of operation thereof may be altered from time to time if necessary to secure adequate determinations, but such alteration shall not be made except with the approval of the Commission or its authorized representative or upon the specific direction of the Commission. The installation of gages, the ratings of said stream or streams, and the determination of the flow thereof, shall be under the supervision of the District Engineer of the United States Geological Survey having charge of stream gaging operations in the region of said project, and the Licensee shall reimburse the said United States Geological Survey for costs incurred in such supervision or for such part thereof as said District Engineer may deem equitable in the circumstances. The Licensee shall keep accurate and sufficient record of the foregoing determinations to the satisfaction of the Commission, shall make return of such records annually, at such time and in such form as the Commission may prescribe.

Article 10. The Licensee shall be liable for all damages occasioned to the property of others by the construction, maintenance or operation of said project works, or of the works appurtenant or accessory thereto, and in no event shall the United States be liable therefor.

Article 11. In the construction and maintenance of the project works herein specified, the Licensee shall place and maintain suitable structures to reduce to a reasonable degree the liability of contact between its transmission lines and telegraph, telephone and other signal wires or power transmission lines not owned by the Licensee, and shall also place and maintain suitable structures and devices to reduce to a reasonable degree the liability of any structures or wires falling and obstructing traffic and endangering life on highways, streets, or railroads.

Article 12. The Licensee shall allow officers and employees of the United States free and unrestricted access in, through and across the said project and project works in the performance of their official duties.

Article 13. The operation of any navigation facilities which may be constructed as a part of or in connection with any dam or diversion structure built under the provisions of this license shall at all times be controlled by such reasonable rules and regulations in the interest of navigation, including the control of the level of the pool caused by such dam or diversion structure, as may be made from time to time by the Secretary of War. Such rules and regulations may include the maintenance and operation by the Licensee at its own expense of such lights and signals as may be directed by the Secretary of War, and such fishways as may be prescribed by the Secretary of Commerce.

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Article 14. The Licensee shall construct and install such appliances as are necessary for furnishing power for the operation of navigation facilities, including lights and signals, whether constructed or installed by the Licensee or by the United States; and shall furnish free of cost to the United States power for the operation of such navigation facilities.

Article 15. The operations of the Licensee, so far as they affect the use, storage, and discharge from storage of the water of the Coosa River, shall at all times be controlled by such reasonable rules and regulations as the Secretary of War may prescribe in the interests of navigation and as the Federal Power Commission may prescribe in the interest of flood control and of the fullest practicable utilization of the waters of said river for power purposes.

Article 16. Whenever the United States shall desire to construct, complete, or improve navigation facilities at said dam, the Licensee shall convey to the United States, free of cost, such of its lands and rights of way and such right of passage through its dam or other structures, and permit such control of pools as may be required to complete such navigation facilities.

Article 17. The Licensee shall make provision in said dam for the future construction of a lock by the United States in accordance with plans approved by the Commission, the Chief of Engineers, and the Secretary of War, and shall excavate the upper approach channel to elevation 270 feet above mean sea level (U. S. Army datum) before the impounding of water behind said dam.

Article 18. Whenever the flow of the Alabama River, at Montgomery, Alabama, is less than 6,000 cubic feet per second, and when directed to do so by the Secretary of War, the Licensee shall release at said dam sufficient water to maintain a flow of 6,000 cubic feet per second at Montgomery: Provided, That the Licensee shall not be required to release more than the normal natural flow of the river at said dam or more than 5,000 cubic feet per second; and Provided, Further, That if and when said normal natural flow is materially increased by the construction of storage or diversion works above said dam, the requirements of this article shall, upon request of the Secretary of War, be revised to require the maintenance at Montgomery, Alabama, of a larger flow which shall be proportionate to the increase in said normal natural flow at said dam.

Article 19. The Licensee shall, in the interest of public health, cut and remove or destroy to the satisfaction of said District Engineer, all brush and trees from that zone within and adjacent to the area to be submerged which is included between the elevation of 276 feet above mean sea level, such elevation being hereinafter called "Contour A," and 15 feet horizontally from and outside of the elevation of 290 feet above mean sea level, said elevation of 290 feet being hereinafter called "Contour B;" and shall remove or destroy all floatable refuse or other material within said "Contour B:" Provided, That the Licensee shall not be required to cut and remove or destroy trees on lands over which it exercises neither ownership nor control.

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The Licensee shall in the general public interest and to the satisfaction of said District Engineer, also cut in such manner or so remove or destroy brush or trees within said area to be submerged and below said "Contour A" that no part of such brush or trees shall project above said "Contour A."

The said District Engineer shall make inspection, from time to time, and as requested by the Licensee, of the work required to be performed by the Licensee under this article and shall request the appropriate health officers of the State or States in which the project is located to make certificate of approval of so much of said work as is comprised within the first paragraph of this article. As said District Engineer determines that the Licensee is complying with the provisions of the foregoing paragraphs of this article, he shall make written reports thereupon, respectively, to the Commission; and as it shall appear that the Licensee has complied with the provisions of the second paragraph of this article to the satisfaction of the Commission, the Executive Secretary shall certify such fact to the Licensee and the Licensee may thereupon proceed gradually as authorized by the certificate of the Executive Secretary with the impounding of water by said dam up to elevation of said "Contour A;" and when it shall appear that the Licensee has complied with the provisions of the first paragraph of this article to the satisfaction of the Commission, the Executive Secretary shall certify such fact to the Licensee and the Licensee may thereupon proceed with the impounding of water up to the elevation of said "Contour B."

Article 20. The Licensee shall provide at the time of initial construction of the project, in accordance with written instructions of the State Board of Health of Alabama, small ponds or other waters suitable for the propagation of top minnows (*Gambusia*) in sufficient numbers to stock the reservoir, together with its branches, bights, and indentations, for effective mosquitoe control.

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Article 21 . Upon the completion of the construction of said project or of each of the separable parts thereof for which dates of completion are specified in Article 6 hereof, or of any addition to or betterment of said project, the Licensee shall file with the Commission a statement under oath in duplicate showing the actual legitimate cost of construction thereof and the price paid for water rights, lands, or interest in lands appurtenant to such construction as required by Regulation 20, Section 2, of said rules and regulations of the Commission. Any such statement shall include all proper and legitimate costs, whether incurred prior to issuance of license or on and after such date; and the Licensee shall, if requested by the Commission, show separately on any such statement, or on a special report or reports, the items and amounts of cost incurred prior to date of issuance of license, with such other details as the Commission may require. Each and every item of cost included in any such statement shall be supported by proper voucher or other evidence; and any such voucher or evidence or certified copy thereof, in support of any item properly includible in said cost shall become a part of the permanent records of said project and shall be kept and retained by the Licensee in the manner required by the Commission. Any statement or report submitted to the Commission under the provisions of this article shall be subject to the provisions of Section 6 of said Regulation 20.

Article 22 . Whenever the Licensee is directly benefited by the construction work of another licensee, a permittee, or of the United States of a storage reservoir or other headwater improvement, the Licensee shall reimburse the owner of such reservoir or other improvement for such part of the annual charges for interest, maintenance and depreciation thereon as the Commission may deem equitable. The proportion of such charges to be paid by the Licensee shall be determined from time to time by the Commission. Whenever such reservoir or other improvement is constructed by the United States the Licensee shall pay similar charges into the Treasury of the United States upon bills rendered by the Commission.

Article 23 The Licensee shall pay to the United States reasonable annual charges for the purpose of reimbursing the United States for the costs of the administration of the Act and for recompensing it for the use, occupancy and enjoyment of its lands or other property hereinbefore described. The payment by the Licensee of such annual charges for any calendar year shall be made to the United States at the end of the year, or within thirty days thereafter, upon bills rendered or approved by the Commission. Such charges shall be determined in accordance with the provisions of Regulation 14 of said rules and regulations of the Commission, and for the purposes of such determination the power capacity upon which shall be based the charges of reimbursing the United States for the cost of administration of the Act and for recompensing it for the use, occupancy, and enjoyment of lands of the United States shall, subject to the provisions of Section 3 of said Regulation 14, be taken as 30,400 horsepower.

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Article 24. After the first twenty years of operation of said project under this license, out of surplus earned thereafter, if any, accumulated in excess of a specified reasonable rate of return upon the actual, legitimate investment of the Licensee in said project, all as defined in and determined by the provisions of Regulation 17 of said rules and regulations of the Commission, the Licensee shall establish and maintain amortization reserves, which reserves shall, in the discretion of the Commission, be held until the termination of the license or be applied from time to time in reduction of the net investment. Such specified rate of return shall, subject to the proviso of Paragraph A, Section 3 of said regulation, be one and one-half ($1\frac{1}{2}$) times the weighted average annual interest rate payable on the par value of the bona fide interest-bearing debt of the Licensee actually outstanding, in whole or in part, on account of project property at the beginning of the period of amortization and of each calendar year thereafter; such weighted average annual interest rate being determined as provided in Paragraphs B and C of Section 3 of said Regulation 17: Provided, That, if at the beginning of the period of amortization or of any calendar year thereafter, the outstanding interest-bearing debt of the Licensee on account of the project or projects under license, together with any other works or property operated in connection therewith, is less than 25 per cent of the actual, legitimate investment of the Licensee in said project or projects, then and in such event for the calendar year next following the specified rate of return shall be two (2) times the legal rate of interest in the State in which the project or major part thereof is located.

Subject to the provisions of Section 6 of said regulation, the following proportions of such surplus earnings shall be paid into and held in such amortization reserves: Of all surplus earnings up to and including 2 per cent upon the actual, legitimate investment, 30 per cent thereof shall be so paid; of all surplus earnings in excess of 2 per cent and not in excess of 4 per cent upon such investment, 50 per cent thereof shall be so paid; of all surplus earnings in excess of 4 per cent and not in excess of 6 per cent, 70 per cent thereof shall be so paid, and of all surplus earnings in excess of 6 per cent, 90 per cent thereof shall be so paid: Provided, That if at the end of any calendar year of the amortization period the Commission shall find that the accumulated earnings of the Licensee during the period of operation, including the first twenty (20) years thereof, have not yielded a fair return upon the actual, legitimate investment in the project or projects under license, the proportion of such surplus earnings for such calendar year and for succeeding calendar years to be paid into such amortization reserves shall be ten (10) per cent thereof until such time as the accumulated earnings of the Licensee represent, in the judgment of the Commission, a fair return upon such investment for such period of operation.

Article 25 No lease of said project or part thereof whereby the lessee is granted the exclusive occupancy, possession or use of project works for purposes of generating, transmitting or distributing power shall be made without the prior written approval of the Commission; and the Commission may, if in its judgment the situation warrants, require that all the conditions of this license, of the Act, and of said rules and regulations of the

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Commission shall be applicable to such lease and to such property so leased to the same extent as if the lessee were the Licensee hereunder: Provided, That the provisions of this article shall not apply to parts of the project or project works which may be used by another jointly with the Licensee under a contract or agreement whereby the Licensee retains the company, possession and control of the property so used and receives adequate consideration for each joint use, or to leases of land while not required for purposes of generating, transmitting, or distributing power, or to buildings or other property not built or used for said purposes, or to minor parts of the project or project works the leasing of which will not interfere with the usefulness or efficient operation of the project by the Licensee for said purposes.

Article 26. It is hereby understood and agreed that the Licensee, its successors and assigns will, during the period of this license, retain the possession of all project property covered by this license as issued or as hereafter amended, including the project area, the project works, and all franchises, easements, water rights, and rights of company and use; and that none of such properties valuable and serviceable to the project and to the development, transmission, and distribution of power therefrom will be sold, transferred, abandoned, or otherwise disposed of without the approval of the Commission. The Licensee further agrees, on behalf of itself, its successors and assigns, that in the event said project is taken over by the United States upon the termination of this license, as provided in section 14 of the Act, or is transferred to a new licensee under the provisions of section 15 of the Act, it will be responsible for and will make good any defect of title to or of right of user in any such project property which is necessary or appropriate or valuable and serviceable in the maintenance and operation of the project, and will pay and discharge or will assume responsibility for payment and discharge of all liens or incumbrances upon said project or project property: Provided, That the provisions of this article are not intended to prevent the abandonment or the retirement from service of structures, equipment, or other project works in connection with replacements thereof when they become obsolete, inadequate, or inefficient for further service due to wear and tear; or to require the Licensee, for the purpose of transferring the project to the United States or to a new licensee, to acquire any different title or right of user in any such project property than was necessary to acquire for its own purposes as licensee.

Article 27. The Licensee shall abide by such reasonable regulation of the services to be rendered to customers or consumers of power, and of rates and charges of payment therefor, as may from time to time be prescribed by any duly constituted agency of the State in which the service is rendered or the rate charged; and in case of the development, transmission, distribution, sale or use of power in public service by the Licensee or by its customers engaged in public service within a State which has not authorized and empowered a commission or other agency or agencies within said State to regulate and control the services to be rendered by the Licensee or by its customers engaged in public service, or the rates and charges of payment therefor, or the amount or character of securities to be issued by any of said parties, it is agreed as a condition of this license that jurisdiction is hereby conferred upon the Commission, upon

complaint of any person aggrieved or upon its own initiative, to exercise such regulation and control until such time as the State shall have provided a commission or other authority for such regulation and control: Provided, That the jurisdiction of the Commission shall cease and determine as to each specific matter of regulation and control prescribed in this Article as soon as the State shall have provided a commission or other authority for the regulation and control of that specific matter.

Article 28. With the written consent of the Licensee, the Commission may by order made under its seal, and after the public notice required by Section 6 of the Act, modify, alter, enlarge or omit, in so far as authorized by law, any one or more of the conditions or provisions of this license.

Article 29. The enumeration herein of any rights reserved to the United States or to any State or municipality under the Act, or of any requirement of the Act or of said rules and regulations of the Commission shall not be construed in any degree as impairing any other rights so reserved by the Act or as limiting the force of any other requirement of said Act or of said regulations.

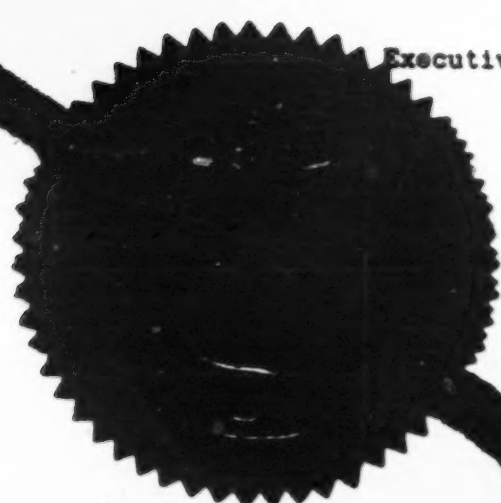
IN WITNESS WHEREOF, the Federal Power Commission has caused its name and seal to be hereto signed and affixed by its Executive Secretary, O. O. Merrill, this 7th day of November, 1925.

FEDERAL POWER COMMISSION

By



Executive Secretary.



11-32-a

In testimony of acceptance of all the terms and conditions of the Federal Water Power Act of June 10, 1920, and of the further conditions imposed in the foregoing license, the Licensee, this 4th day of November, 1925, has caused its name and corporate seal to be here-
to signed and affixed by Thos. W. Martin, its
President, pursuant to a resolution of its board of
directors, passed on the 14th day of October, 1925, a certified
copy of the record thereof being hereto attached.

ALABAMA POWER COMPANY,

By Thos. W. MartinPresident.

Attest:

Samuel R. WhiteSecretary, Alabama Power
Company.

C E R T I F I C A T E

I, Lamar Aldridge, Secretary of Alabama Power Company, do hereby certify that the following is a full, true and correct copy of a resolution unanimously adopted by the Board of Directors of said Company at a meeting of said Board duly called and held at the office of the Company in the City of Birmingham, Alabama, on October 14, 1926, a quorum of the Board being present, as shown by the records in my custody as such Secretary, to-wit:

RESOLVED by the Board of Directors of Alabama Power Company that Thomas W. Martin, President of this Company, R. A. Mitchell or E. A. Yates, Vice-Presidents thereof, be and hereby is authorized and empowered to make, sign, execute and deliver for and on behalf of this Company and as its act and deed, the acceptance of this Company of a license from the Federal Water Power Commission for a water power project designated as Project No. 618, Alabama, in the records of said Commission, and of all the terms and conditions of the Federal Water Power Act approved June 10, 1920 (41 Statutes 1063), and of the conditions imposed by said license.

Given under my hand and the seal of said Company at its office in the City of Birmingham, Alabama, on this the 22nd day of October, 1926.



Secretary, Alabama Power Company.

COMPLAINANTS' EXHIBIT No. 601

[fol. 2111] "Certificate of Federal Power Commission Authorizing Licensee for Project No. 618, Alabama Power Company, to Raise the Water to the Elevation of 290 Feet

"Whereas, article 19 of the license for project No. 618, issued to Alabama Power Company, requires that the licensee in the interest of public health and of the general public, cut and remove or destroy to the satisfaction of the District Engineer of the War Department, acting as the representative of the Commission, certain brush and trees in the area to be submerged up to the contour elevation of 290 feet and in the area extending 15 feet horizontally from and outside said contour, and remove or destroy all floatable refuse or other material within said contour; and

"Whereas, said district engineer, acting as such representative, has reported in writing to the Commission that the licensee has complied with Article 19 of the license by cutting and removing or destroying to the satisfaction of said district engineer, the brush and trees in the area to be submerged up to the contour elevation of 290 feet and in the area extending 15 feet horizontally from and outside said contour, and by removing or destroying to his satisfaction all floatable refuse or other material within said contour, and that the State Health Officer of the State of Alabama has approved the work required to be done by the licensee under said article 19 before raising the water to the elevation of 290 feet; and the Commission is satisfied that the licensee has in all respects complied with the requirements of the license as to clearing the reservoir area before raising the water to the elevation of 290 Feet;

"Now, Therefore, I. O. C. Merrill, Executive Secretary of the Federal Power Commission, under authority of the Commission, do hereby certify that the reservoir area has been satisfactorily cleared as required of the licensee by said article 19, and that the Alabama Power Company may proceed with the impounding of the water of said reservoir up to elevation 290 feet.

"In Witness Whereof, I have hereto affixed my signature and the seal of the Federal Power Commission this 29th day of May, 1928.

(Signed) O. C. Merrill, Executive Secretary. (Seal.)

COMPLAINANTS' EXHIBIT No. 91

[fol. 2112]

Mitchell Dam

(a) Application filed May 3, 1921:

The proposed development is

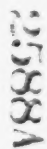
“(d) In the region of the following named cities and towns: Birmingham, Montgomery, Anniston, Gadsden, Selma, Talladega, Tuscaloosa, Huntsville, Roanoke, Decatur, Albany and Piedmont, together with other cities and towns served by applicant, or in proximity to its transmission system as indicated on the map herewith filed and marked ‘Exhibit D.’

“(e) The proposed scheme of development for the project is as follows:—The applicant proposes to construct a dam and power plant on Coosa River at a point known as Duncan's Riffle between Wetumpka, Alabama, and Lock No. 12 on the Coosa River. Provision is to be made for the future installation of a lock to be located on the left bank of the river.

“It is proposed to install two 24,000 horsepower water wheel driven generators of the vertical, single runner type initially, and to provide for the ultimate installation of a total of five units of the total capacity of 120,000 horsepower, the type and capacity of each unit to be determined from time to time by the progress of the art. The normal static head at this point will be approximately seventy-two feet. A transmission line will be constructed from said proposed power house to some point of junction with applicant's interconnected primary transmission system near Lock 12 on the Coosa River. It is proposed at a future date, when the needs of navigation require, to excavate a channel from the lower entrance of Lock 12 to deep water, to a depth which will provide six foot navigation when the reservoir pool level is lowered for the purpose of forebay storage to make the greatest use of the river flow during the fluctuations of the load, the minimum elevation of the pool level to be 346 feet.

“(f) The proposed use or market for the power to be developed is as follows:—It is proposed to distribute the power from this development by connecting same with the system of the Alabama Power Company.” (Sheet 2 of Exhibit B)

(Here follows one photolithograph, side folio 2113)



COMPLAINANTS' EXHIBIT No. 91

[fol. 2114]

" 'Exhibit I.' "

"October 23, 1920."

"Effect of Project on Navigation:—The project will provide navigation from the dam site to Lock 12, approximately fourteen miles, and it is proposed to build the dam to a height which will provide for a permissible draw down of four feet below the level of the crest of the spillway gates, and at the same time provide for six foot navigation up to the lower entrance of the future lock at Lock 12 by excavating a navigation channel in the shallow reaches of the river at that point. Until the construction of the dam at the site of Lock 18 on the Coosa River, about twenty miles downstream from the project now applied for, it is proposed to pass the extreme low flow of the river continually at this point, carrying variations in load on the Lock 12 plant, making use of the four feet of storage in the reservoir in accomplishing this result. After the completion of the construction of Lock 18, it is proposed to carry variations of load during low flows at Duncan's Riffle as well as at Lock 12 and to pass the low flows continuously at Lock 18. The relation of the project now applied for to the Lock 12 dam and power house heretofore constructed and now owned by applicant and to the proposed Lock 18 project is shown on Map No. 1 of 'Exhibit C.' "

" 'Exhibit M.' "

(Sheet 1)

"October 23, 1920."

"Estimates of the cost of developing the project:—The principal quantities involved in the initial construction are as follows:

| | |
|--|---------------|
| Main line railroad | 12 miles |
| Double circuit 110 KVA transmission line | 14 " |
| Concrete | 204,000 c.y. |
| Rock excavation | 90,000 " |
| Initial installation | 48,000 h.p. |
| Estimate of cost of initial installation | \$10,000,000" |

COMPLAINANTS' EXHIBIT No. 91

[fol. 2115]

"Exhibit M

(Sheet 2)

"General Description and General Specifications of Mechanical, Electrical and Transmission Equipment and Appurtenances.

"This project contemplates the construction of a dam and power house on Coosa River at site known as Duncan's Riffle, by Alabama Power Company designated as Mitchell Dam, as indicated in Exhibits K. and L. herewith attached.

"The dam will be solid concrete masonry construction raising elevation of pool approximately 70 feet above present low water level.

"The Power House will consist of foundations for 5 units, 2 units of which will be installed in first construction.

"The Generating Units will consist of 2 vertical type water wheels of approximately 22,000 H. P. each, driving generators of approximately 16,000 K. W. capacity each.

"Power will be generated at 13,200 volts, stepping up to 110,000 volts for transmission.

"The transmission line connecting Lock 12 with Mitchell Dam will be constructed for 110,000 volts and will consist of two circuits of \approx 0000 B & S gauge copper wire, 60 cycle, 3 phase, or equivalent aluminum steel reinforced."

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"Exhibit N"

(Sheet 1)

"October 23, 1920.

"The applicant desires to supply data as to its ability to finance the project applied for as follows:

"The corporation has an authorized issue of common stock of \$40,000,000, of which \$18,751,000.00 is outstanding; has an authorized issue of preferred stock of \$10,000,000.00, none of which was issued or sold prior to the current year, but which is now being sold on local market, and about \$600,000.00 of which has been sold during the past few months.

[fol. 2116] "The company has an outstanding mortgage dated March 1, 1916, securing an issue of Five Per Cent.

COMPLAINANTS' EXHIBIT No. 91

Thirty Year Gold Bonds due March 1, 1946, for \$100,000,000.00, under which mortgage approximately \$15,000,000.00 of bonds are outstanding, about \$3,000,000.00 of which bonds are deposited as security for its Five Year Notes. Additional bonds may be issued in accordance with the terms of the mortgage for eighty per cent. of cash cost of extensions and additions to the property.

"With the sale of unsold securities now authorized as above indicated, and by the issuance of such other securities as the Company may from time to time find desirable, the Company anticipates that the necessary funds for carrying on the project will be available."

• • • • •
(b) License:

The license was authorized by the Federal Power Commission on June 27, 1921 for a period of fifty years from date of issuance. The following articles are taken from the license:

"Article 7. The operation of any navigation facilities which may be constructed as a part of or in connection with any dam or diversion structure built under the provisions of this license shall at all times be controlled by such reasonable rules and regulations in the interest of navigation, including the control of the level of the pool caused by such dam or diversion structure, as may be made from time to time by the Secretary of War. Such rules and regulations may include the maintenance and operation by the Licensee at its own expense of such lights and signals as may be directed by the Secretary of War.

"Article 8. The Licensee shall construct and install such appliances as are necessary for furnishing power for the operation of navigation facilities, including lights and signals, whether constructed by the Licensee or the United States, and shall furnish free of cost to the United States power for the operation of such navigation facilities.

"Article 9:

A. Whenever a project for navigation on the section of the river between Wetumpka, Alabama, and the East Tennessee Virginia and Georgia Railroad bridge [fol. 2117]

COMPLAINANTS' EXHIBIT No. 91

is adopted, the Licensee will be required to provide a navigation channel between said Mitchell Dam and Dam No. 12, at least 200 feet wide and having a bottom elevation not higher than 338 feet above the datum plane described in paragraph (a) of Article 1 of this license.

B. Whenever a project for navigation on the section of the river between Wetumpka, Alabama, and the East Tennessee, Virginia and Georgia Railroad bridge is adopted, the Licensee shall convey to the United States, free of cost, such of its lands and its right of way, and such right of passage through its dams or other structures, and permit such control of pools as may be required to complete such navigation facilities as are required by the adopted project.

C. Until such time as the Secretary of War may require otherwise under the authority granted to him by section 18 of the Act, the Licensee is authorized to utilize a drawdown of the pool created by the dam for the purpose of pondage of 10 feet, or to an elevation of 340 feet above said datum plane described in paragraph 'a' of Article 1 hereof. If and when a project for navigation on this section of the Coosa River as described above is adopted, the Licensee, unless otherwise required by the Secretary of War, will be permitted a drawdown of 4 feet, or to an elevation of 346 feet above said datum plane.

D. The Licensee will be required to permit, unless otherwise authorized by the Secretary of War, the continuous discharge past this dam of all water discharged into the pool created by said dam, when this discharge is 5,000 cubic feet per second or less, and at all greater discharges into the pool, shall provide a minimum discharge past said dam of not less than 5000 cubic feet per second. The measure of water thus to be discharged shall include all water discharged through any canal, lock, or system of locks that may hereafter be built in connection with said dam" (pp. 8-10).

[fol. 2118] The power capacity upon which the charges are based for reimbursing the United States for the cost of the administration of the Act is taken as 21,760 horsepower (Article 15).

COMPLAINANTS' EXHIBIT No. 91

(c) Approval:

On December 7, 1922 the Commission found that the Licensee had complied with the provisions and requirements of Article 10 of the license (relating to clearing the reservoir) and authorized the Licensee to proceed with the impounding of water up to the elevation of 350 feet.

[fol. 2119]

Martin Dam

(a) Application for license filed May 17, 1923:

The proposed development is

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“(d) In the region of the following named cities and towns: Birmingham, Montgomery, Anniston, Opelika, and the nearer towns of Heflin, Wetumpka, Dadeville, Alexander City, Lineville, Ashland, Auburn, Camp Hill, Notasulga, Tuskegee, Wedowee and Roanoke, all in Alabama” (pp. 1-2).

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“4. The proposed use or market for the power to be developed is as follows: It is expected that the power developed will be distributed over the transmission lines of the Alabama Power Company for municipal, domestic and industrial uses. There is a growing demand for power in this region due to the development of the natural resources and industrial activity in the territory (p. 2).

“5. The location and capacity of all power projects owned or operated by the applicant, the markets supplied thereby, and the relation thereof to the project applied for are briefly described as follows:

“The applicant does not own or operate any water power projects, but is a subsidiary of the Alabama Power Company, which has constructed a project under Project License No. 82 at Mitchell Dam on the Coosa River, in Coosa and Chilton Counties, Alabama, which project will have an ultimate installation of 120,000 horsepower; the Alabama Power Company also has at Lock 12 on the Coosa River, in

COMPLAINANTS' EXHIBIT No. 91

Coosa and Chilton Counties, Alabama, a hydro-electric power development with an installation of 110,000 horsepower capacity; also a hydro-electric power development on the Tallapoosa River in Elmore and Tallapoosa Counties, Alabama, near the City of Montgomery, with an installation of 9000 horsepower capacity, temporarily out of use by reason of damage by flood, which is now being repaired; and also one of 2,400 horsepower at Jackson Shoals on Choocolocco Creek, in Talladega County, Alabama, also auxiliary steam plants located at various points in the territory served. The power from these developments is [fol. 2120] and will be used in furnishing power for municipal, domestic and industrial uses, to all places reached by the Alabama Power Company's transmission system, which includes the principal cities and towns in North and Central Alabama; including Birmingham and Montgomery, as well as in furnishing power during emergencies, and, when it has an excess, to various consumers in Georgia, North and South Carolina, by virtue of the physical connections of the transmission lines of the Alabama Power Company, with the transmission lines of other companies in Georgia, as indicated on general map of the Alabama Power Company's system" (pp. 2-3).

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"Exhibit G

"Applicant's Ability to Finance the Project

"The applicant is a subsidiary of the Alabama Power Company, a going concern serving over 60,000 consumers with electric power and with a constantly increasing business as a public utility, which has placed on the market large amounts of securities, the proceeds of which have been and are being invested in hydro-electric development in the State of Alabama, and has established a market for its securities. Applicant therefore believes that the necessary funds for carrying on the project will be available."

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"Exhibit H

"Statement of effect of the proposed operation of the project works on the normal flow of the stream, including

COMPLAINANTS' EXHIBIT No. 91

a statement of the minimum flow proposed to be released during periods of low water and full exposition of the release of any proposed pondage of the flow, and the conservation and utilization in the public interest of the available water resources for the purpose of power, navigation, reclamation, flood control and municipal water supply.

[fol. 2121] "At such time as the flow of the Alabama River at Montgomery, Alabama, is less than 6000 cubic feet per second the applicant proposes that it may be required to release water from said reservoir sufficient to produce a flow at Montgomery of 6000 cubic feet per second, but it shall never be required to release in excess of 2000 cubic feet per second, and it shall never be required to release water when the elevation of said reservoir is at a point of 30 feet or more below the spillway crest of the dam.

"As other project units on the Tallapoosa River are completed, the requirements for passing 2000 cubic feet per second at Cherokee Bluffs may be revised, but in no case shall the applicant be required to release water at Cherokee Bluffs in excess of 3000 cubic feet per second or to release water when the elevation of said reservoir is at a point of 30 feet or more below the spillway crest of the dam."

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2596

(Here follows one photolithograph, side folio 2122)

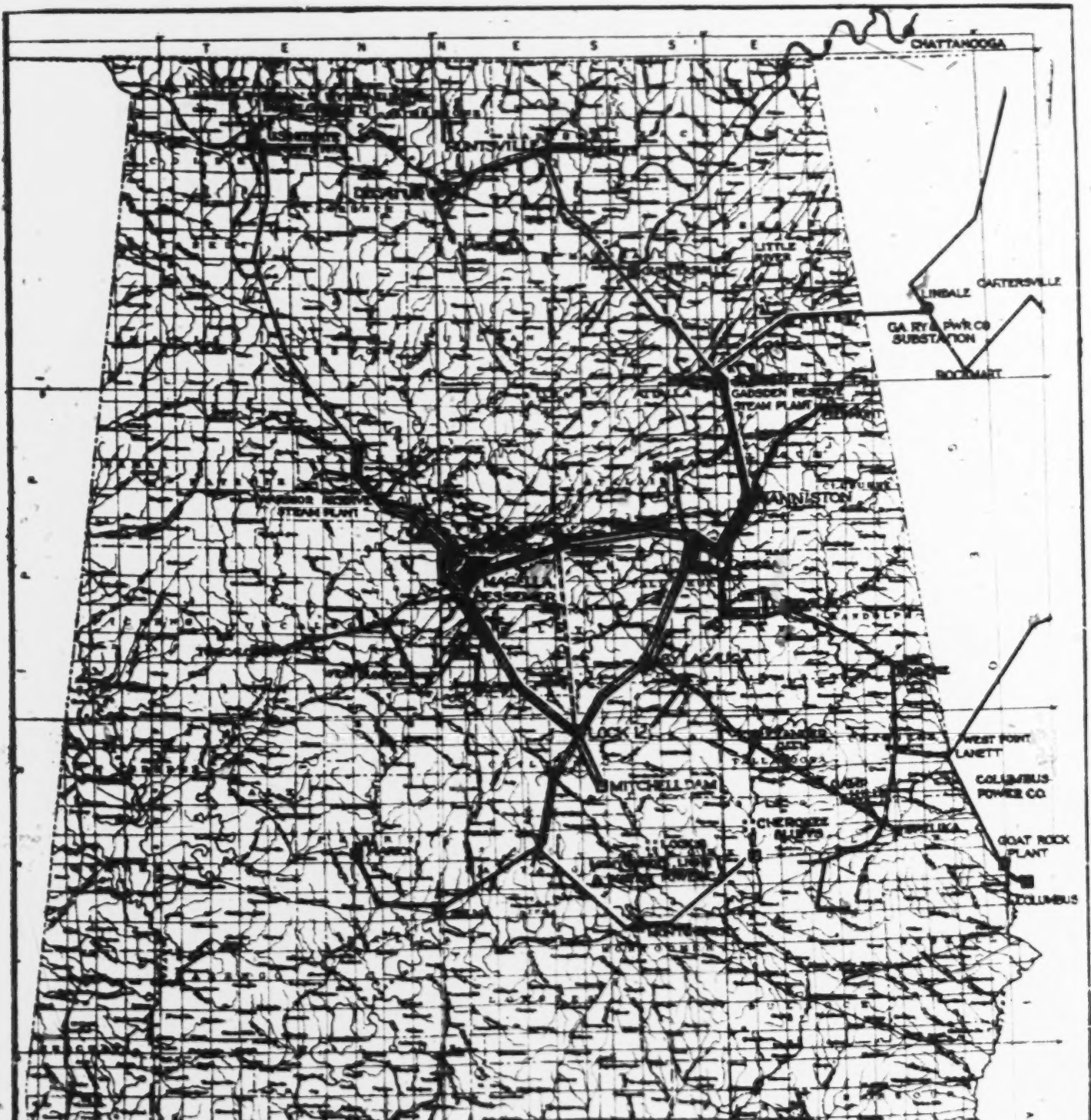


EXHIBIT J.
Map No. 2.

This exhibit is a part of the application for license made by the undersigned, this the 12th day of May, 1923.

ALABAMA INTERSTATE POWER COMPANY,

Attest:

By

Harry W. Tate
Its President.

Laurer A. Aldridge
Its Secretary.

2122

ALABAMA POWER COMPANY
ELECTRICAL DISTRIBUTING SYSTEM

- PRESENT TRANSMISSION LINES, 110,000 VOLTS
- PROPOSED —
- PRESENT — 44,000 VOLTS OR LESS
- PROPOSED —
- OTHER COMPANIES' LINES
- HYDRO-ELECTRIC PLANT
- STEAM PLANT
- SUBSTATION
- PROPOSED HYDRO-ELECTRIC PLANT

SCALE OF MILES

FEBRUARY 1922

COMPLAINANTS' EXHIBIT No. 91

[fol. 2123]

"Exhibit N

"Estimate of cost

"The principal quantities involved in the construction of the project works at Site No. 4 are as follows:

| | |
|--|----------------------|
| Concrete | 175,000 cubic yards. |
| Rock Excavation | 75,000 cubic yards. |
| Main Line Railroad | 20 miles. |
| Initial Installation | 60,000 kva. |
| Estimate of cost of installation at Site No. 4 | \$10,000,000" |

(b) License for Project No. 349:

The license for Project 349 (Martin Dam) was issued to Alabama Interstate Power Company June 9, 1923 for a period of fifty years.

The power capacity upon which the charges are based for reimbursing the United States for the cost of the administration of the Act is taken as 16,920 horsepower (Article 16).

(c) Transfer:

The license for Project 349, together with all other rights in land and all rights, title and interests in franchises, licenses and permits granted to Alabama Interstate Power Company in and about the water power development at Cherokee Bluffs (Martin Dam) were transferred to Alabama Power Company under date of June 20, 1923. This transfer was approved by the Federal Power Commission on June 22, 1923.

(d) Amendment to License:

The amendment to license dated June 4, 1924 amends Article 8 of the original license to read as follows:

"Article 8. Whenever the flow of the Alabama River at Montgomery, Ala., is less than 6000 cubic feet per second, and whenever directed so to do by the Secretary of

COMPLAINANTS' EXHIBIT No. 91

War the Licensee shall release from said Cherokee Bluffs reservoir sufficient water to produce a flow of said amount [fol. 2124] at said place: Provided, that the Licensee shall not be required to release for the purpose above named more than 3000 cubic feet per second: and Provided further, that whenever the water in said reservoir is drawn to a point 60 feet or more below the elevation of the top of the spillway gates when closed. The Licensee shall not be required to release for said purpose more than the natural flow of said Tallapoosa River" (p. 4).

(e) Certificate authorizing Raising of Water Level:

Certificate authorizing Licensee for Project 349 to raise the water to the elevation of 490 feet was issued by the Commission on December 16, 1926.

[fol. 2125] COMPLAINANTS' EXHIBIT No. 92

Copy of an Act of Congress (34 Stat. at L. 288, Approved March 4, 1907) Permitting the Erection of a Dam by Alabama Power Company on the Coosa River, in Alabama, at the Place Selected for the Location of Lock and Dam Numbered Twelve on Said River.

(Omitted)

[fol. 2126] COMPLAINANTS' EXHIBIT No. 93

Approval by Secretary of War of Plans Concerning
Location of Lock at Lock 12

Whereas, By an Act of Congress approved March 4, 1907, entitled "An act permitting the erection of a dam across Coosa River, Alabama, at the place selected for lock numbered 12 on said river" (34 Stats., 1288), the Alabama Power Company, a corporation existing under the laws of the State of Alabama, was authorized, subject to the reservations, provisos and conditions of said act, to build a dam, of such height as the Chief of Engineers, United

COMPLAINANTS' EXHIBIT No. 93

States Army, and the Secretary of War may approve, across the Coosa River in Alabama at the place selected for the location of lock and dam numbered 12 on said river, located as described in said act, for the development of water power and such works and structures in connection therewith, as may be necessary or convenient in the development of said power and in the utilization of the power thereby developed:

And Whereas, It was provided that plans for the construction of said dam and appurtenant works, shall be submitted to and approved by the Chief of Engineers, United States Army, and the Secretary of War, before the commencement of the construction of the same:

And Whereas, The said Alabama Power Company has submitted, for examination and approval, general plans for a dam proposed to be built across Coosa River, in Alabama, at the site selected for the location of lock and dam numbered 12, as described above, which general plans have been approved by the Chief of Engineers and recommended for the approval of the Secretary of War, subject to the reservations, provisos and conditions specified in said Act of Congress, and also upon, and subject to, the conditions hereinafter specified:

Now, Therefore, This is to certify that the general plans submitted as aforesaid, and which are hereto attached, (which are omitted herein) are hereby approved by the Secretary of War, subject to the reservations, provisos and conditions specified in said Act of Congress and upon, and subject to, the following conditions, in addition thereto:

I. That a decision as to the location for a lock through the dam itself or in a canal around the end of the dam shall be left open for determination until such time in the future as provision shall be made by Congress for its construction.

II. That this approval applies only to the general plans of the structure now presented covering the location, height, and type of dam, and is expressly conditioned upon the use of material and workmanship in actual construction which shall be satisfactory to the Engineer Department, decision as to details of dam and appurtenant works being reserved until plans therefor shall have been formulated and furnished the Department for consideration.

COMPLAINANTS' EXHIBIT No. 93

[fol. 2127] III. That should the United States in future construct storage reservoirs on the headwaters of the Coosa River for the benefit of navigation, the company shall pay a just and equitable charge for any increased power created by the reservoirs and utilized by the company.

IV. That the work of construction shall be subject to the supervision and approval of the engineer officer of the U. S. Army in charge of the locality.

Witness my hand this third day of March, 1910.

J. M. Dickinson, Secretary of War.

Approval by Secretary of War of Supplemental Plans for
Construction of Lock 12

Instrument of approval (No. 2) of supplemental plans submitted by the Alabama Power Company of Alabama for the construction of a dam across the Coosa River in Alabama at the site selected for lock and dam numbered twelve.

Whereas, By an Act of Congress approved March 4, 1907, entitled "An Act permitting the erection of a dam across Coosa River, Alabama, at the place selected for lock numbered twelve on said river" (34 Stat. 1288), the Alabama Power Company, a corporation existing under the laws of the State of Alabama, was authorized, subject to the reservations, provisos and conditions of said Act, to build a dam of such height as the Chief of Engineers, United States Army, and the Secretary of War may approve, across the Coosa River in Alabama at the place selected for lock and dam numbered twelve on said river, located as described in said Act, for the development of water power and such works and structures connected therewith as may be necessary or convenient in the development of said power and in the utilization of the power thereby developed;

And Whereas, It was provided that plans for the construction of said dam and appurtenant works shall be submitted to and approved by the Chief of Engineers, United States Army, and the Secretary of War before the commencement of the construction of the same;

And Whereas, The said Alabama Power Company heretofore submitted for examination and approval general plans for the dam proposed to be built across said river at

COMPLAINANTS' EXHIBIT No. 93

the said site as described above, which general plans were approved by the Chief of Engineers and by the Secretary of War, subject to the reservations, provisos and conditions specified in said Act of Congress, and also upon and subject to certain special conditions specified in the instrument of [fol. 2128] approval dated the third day of March, nineteen hundred and ten; and thereupon the work of construction at the said site, in accordance with the aforesaid approval, was commenced and prosecuted;

And Whereas, Further study of the problems connected with the proposed constructions and the experience gained in actual operations have demonstrated the necessity of a modification of the original plans and specifications by new and supplemental plans of a general character, which new and supplemental plans are now submitted in accordance with the aforesaid Act of Congress approved March 4, 1907, and with the Act of June 23, 1910, entitled "An Act to amend an Act entitled 'An Act to regulate the construction of dams across navigable waters,' approved June 21, 1906," to the Secretary of War and the Chief of Engineers for their approval;

Now, Therefore, This is to certify that the said plans now submitted, which are attached hereto, (which are omitted herein) are hereby approved by the Chief of Engineers and the Secretary of War, subject to the reservations, provisos and conditions specified in the said Act of Congress approved March 4, 1907, and to the following conditions in addition thereto:

1. That all the stipulations and conditions enumerated in the said instrument of approval of March 3, 1910, shall remain in full force and effect.
2. That the said Alabama Power Company will permit the continuous discharge past said dam of all water flowing in the Coosa River whenever the discharge into the pool created by the dam is five thousand cubic feet per second or less, and, at all greater discharges into the pool of said dam, shall provide a minimum discharge past said dam of not less than five thousand cubic feet per second. The measure of the water thus to be discharged as above specified shall include all the water discharged through any canal, lock or

COMPLAINANTS' EXHIBIT No. 93

system of locks that may hereafter be built in connection with said dam.

3. That the said Alabama Power Company shall reimburse the United States for all expenses which have been incurred by the United States in connection with said project, including the cost of any investigations necessary for the approval of the plans, and which may be incurred in connection with the supervision of construction.

4. That the construction, operation and maintenance of this dam and all appurtenant works shall be subject to all pertinent provisions of the Act of Congress approved June 23, 1910, entitled "An Act to amend an Act entitled 'An Act to regulate the construction of dams across navigable waters,' approved June 21, 1906."

5. That the plans hereby approved shall supersede these heretofore approved on March 3, 1910, except with respect to the location, height and type of dam and power-house.

Witness our hands at the City of Washington this the Eighth day of July, nineteen hundred and thirteen.

Lindley M. Garrison, Secretary of War.

W. H. Bixby, Chief of Engineers.

[fol. 2129] / COMPLAINANTS' EXHIBIT No. 94

Copy of the approval by the Federal Power Commission, dated November 12, 1931, of the transfer of licenses issued by said Commission for projects Nos. 82, (issued June 27, 1921 to the Alabama Power Company for the so-called Mitchell Dam Project, as amended on September 24, 1921 and August 31, 1922) 349, (issued June 9, 1923, to the Alabama Interstate Power Company for the so-called Martin Dam Project, transferred on June 22, 1923, to the Alabama Power Company and amended June 7, 1924 and June 13, 1930) and 618, (issued November 7, 1925, to the Alabama Power Company for the so-called Jordan Dam Project) to Alabama Power Company (consolidated) from the original licensees

(Omitted)

[fol. 2130] COMPLAINTANTS' EXHIBIT No. 95

Alabama Power Company

Annual Revenue and Kilowatt Hour Sales to Customers Within The State Including Birmingham Electric Company:

| Year | Total | In Area Within 100 Miles of TVA Dams | In Area Within 150 Miles of TVA Dams | In Area Within 250 Miles of TVA Dams |
|---------|-----------------|--|--|--|
| 1933 | | | | |
| Revenue | \$13,002,093.40 | \$7,828,199.17 | \$10,407,998.34 | \$11,307,339.82 |
| Kwh | 1,042,407,837 | 715,390,127 | 897,423,764 | 930,634,896 |
| 1936 | | | | |
| Revenue | \$15,809,259.31 | \$8,913,916.12 | \$12,676,716.02 | \$13,875,606.36 |
| Kwh | 1,440,189,164 | 991,392,274 | 1,241,276,833 | 1,297,665,713 |

Regular Customers Only, Excluding Birmingham Electric Company:

| Year | Total | In Area Within 100 Miles of TVA Dams | In Area Within 150 Miles of TVA Dams | In Area Within 250 Miles of TVA Dams |
|---------|-----------------|--|--|--|
| 1933 | | | | |
| Revenue | \$11,778,115.66 | \$6,004,221.43 | \$9,184,020.60 | \$10,083,362.08 |
| Kwh | 846,396,069 | 519,378,359 | 701,411,996 | 734,623,128 |
| 1936 | | | | |
| Revenue | \$14,280,311.67 | \$7,384,968.48 | \$11,147,768.38 | \$12,346,658.72 |
| Kwh | 1,160,632,515 | 711,835,625 | 961,720,184 | 1,018,109,064 |

2604

(Here follow 2 photolithographs, side folios 2131-2132)

COMPLAINANTS' EXHIBIT NO. 96

Alabama Power Company

| <u>Year</u> | <u>Miles of Transmission Lines</u> | <u>Miles of Distribution Lines</u> | <u>Miles of Rural Lines</u> | <u>Number of Customers Served</u> |
|---------------------------|------------------------------------|------------------------------------|-----------------------------|-----------------------------------|
| 1927 | 2,799 | 1,956 | 470 | 88,748 |
| 1928 | 3,140 | 2,094 | 834 | 95,241 |
| 1929 | 3,413 | 2,250 | 1,522 | 105,674 |
| 1930 | 3,619 | 2,270 | 1,754 | 108,082 |
| 1931 | 3,609 | 2,300 | 1,858 | 104,726 |
| 1932 | 3,609 | 2,380 | 1,914 | 98,880 |
| 1933 | 3,582 | 2,390 | 2,085 | 99,709 |
| 1934 | 3,575 | 2,440 | 2,118 | 107,699 |
| 1935 | 3,575 | 2,550 | 2,400 | 114,187 |
| 1936 | 3,459 | 2,700 | 3,541 | 123,739 |
| Year Ending June 30, 1937 | 3,455 | 2,610 | 4,519 | 120,624 |

| <u>Year</u> | <u>Residential Annual Kwh Use Per Average Customer</u> | <u>Residential Average Annual Revenue Per Customer</u> | <u>Residential Average Rate Per Kwh</u> | <u>No. Towns and Communities Served (Direct)</u> |
|---------------------------|--|--|---|--|
| 1927 | 444 | \$ 33.56 | 7.56 | 267 |
| 1928 | 494 | 34.08 | 7.28 | 328 |
| 1929 | 571 | 31.76 | 5.56 | 413 |
| 1930 | 694 | 35.06 | 5.05 | 474 |
| 1931 | 745 | 37.16 | 4.98 | 481 |
| 1932 | 798 | 38.25 | 4.79 | 483 |
| 1933 | 795 | 34.65 | 4.32 | 484 |
| 1934 | 871 | 33.44 | 3.84 | 487 |
| 1935 | 997 | 35.35 | 3.54 | 515 |
| 1936 | 1,149 | 36.75 | 3.20 | 564 |
| Year Ending June 30, 1937 | 1,227 | 37.49 | 3.05 | 594 |

| <u>Year</u> | <u>Total Kwh Sales Exclusive of Sales to Utilities</u> | <u>Total Kwh Sold Industrial Customers</u> | <u>Percent Industrial Sales of Total</u> |
|---------------------------|--|--|--|
| 1927 | 749,157,160 | 651,751,092 | 87.0 % |
| 1928 | 745,569,158 | 647,391,800 | 86.8 |
| 1929 | 781,673,739 | 668,854,417 | 85.6 |
| 1930 | 769,174,887 | 639,150,040 | 83.0 |
| 1931 | 805,541,880 | 669,736,166 | 83.1 |
| 1932 | 777,386,001 | 649,725,214 | 83.6 |
| 1933 | 834,600,929 | 714,147,613 | 85.6 |
| 1934 | 824,149,742 | 685,162,160 | 83.1 |
| 1935 | 929,634,175 | 764,492,181 | 82.2 |
| 1936 | 1,145,267,785 | 948,565,825 | 82.8 |
| Year Ending June 30, 1937 | 1,241,230,740 | 1,028,957,804 | 82.7 |

COMPLAINANTS' EXHIBIT NO. 97

ALABAMA POWER COMPANY

Tax Payments for Years 1932-1937 Inclusive - 1937 Estimated

| Description of Tax | 1937 Estimated | 1936 | 1935 | 1934 | 1933 | 1932 |
|---|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Real and Personal Property (Includes State, County and Municipal) | \$ 1,317,000.00 | \$ 1,315,167.77 | \$ 1,312,204.94 | \$ 1,320,230.57 | \$ 1,329,225.99 | \$ 1,323,355.53 |
| Federal Tax on Bond Interest Assumed | 26,800.00 | 26,054.03 | 25,668.38 | 26,326.48 | 27,198.93 | 25,318.52 |
| Federal Excise Tax on Elec Energy | 183,800.00 | 168,911.54 | 150,532.70 | 135,907.47 | 24,399.31 | - |
| Federal Excise Tax (Tax on Checks, Telephone, Telegrams, etc.) | 2,400.00 | 2,212.10 | 1,918.21 | 4,678.64 | 5,041.37 | 2,319.70 |
| Federal Capital Stock Tax | 44,800.00 | 48,010.00 | 33,712.00 | 37,520.50 | 16,767.00 | 2.50 |
| State Tax on Bond Int Assumed | 8,000.00 | 8,178.80 | 6,375.27 | 4,883.97 | 8,046.75 | 7,684.01 |
| State Corp Franchise and Annual Permit | 170,000.00 | 170,086.35 | 174,946.43 | 175,007.17 | 175,062.33 | 174,279.18 |
| State and County License | 1,500.00 | 1,522.73 | 1,499.99 | - | - | - |
| State Motor Vehicle License | 11,000.00 | 10,900.84 | 10,167.78 | 9,601.59 | 10,031.21 | 10,362.50 |
| State Regulatory Comm Taxes | 24,000.00 | 21,877.37 | 20,196.21 | 20,294.84 | 21,057.26 | 3,000.00 |
| State Income Tax | 90,000.00 | - | 14,654.78 | - | 13,016.95 | - |
| Federal Income Tax | 515,000.00 | - | 105,750.51 | - | 25,516.67 | - |
| Federal Old Age Benefits | 38,100.00 | - | - | - | - | - |
| Federal Unemployment | 7,900.00 | 3,770.00 | - | - | - | - |
| State Unemployment | 71,400.00 | 33,926.43 | - | - | - | - |
| State Public Utility License | 61,500.00 | 54,180.63 | 48,392.75 | 48,751.50 | 50,635.17 | 54,694.56 |
| State Hydro Generation | 344,000.00 | 337,691.08 | 301,201.47 | 275,324.40 | 275,525.78 | 289,844.76 |
| State Chain Store License | 7,800.00 | 7,726.00 | 5,074.50 | 4,075.50 | 4,604.00 | 5,641.00 |
| Municipal and Local License | 160,000.00 | 147,749.36 | 136,142.72 | 125,947.74 | 168,857.49 | 111,041.55 |
| Federal Power Commission License | 22,600.00 | 22,590.92 | 22,590.92 | 22,590.92 | 22,590.92 | 22,590.92 |
| State of Georgia Registration Fee (Ga-ala. Utilities Co) | .50 | .50 | .50 | .50 | .50 | - |
| | \$ 3,126,400.80 | \$ 2,380,556.45 | \$ 2,371,030.06 | \$ 2,211,141.79 | \$ 2,176,597.63 | \$ 2,030,154.71 |
| Gross Revenue | \$20,316,783.00 | \$18,712,810.99 | \$16,794,482.82 | \$15,415,216.81 | \$15,486,234.04 | \$15,583,839.88 |
| % of Gross Revenue | 15.39 | 12.72 | 14.12 | 14.34 | 14.05 | 13.03 |

[fol. 2133] **COMPLAINANTS' EXHIBIT No. 98**

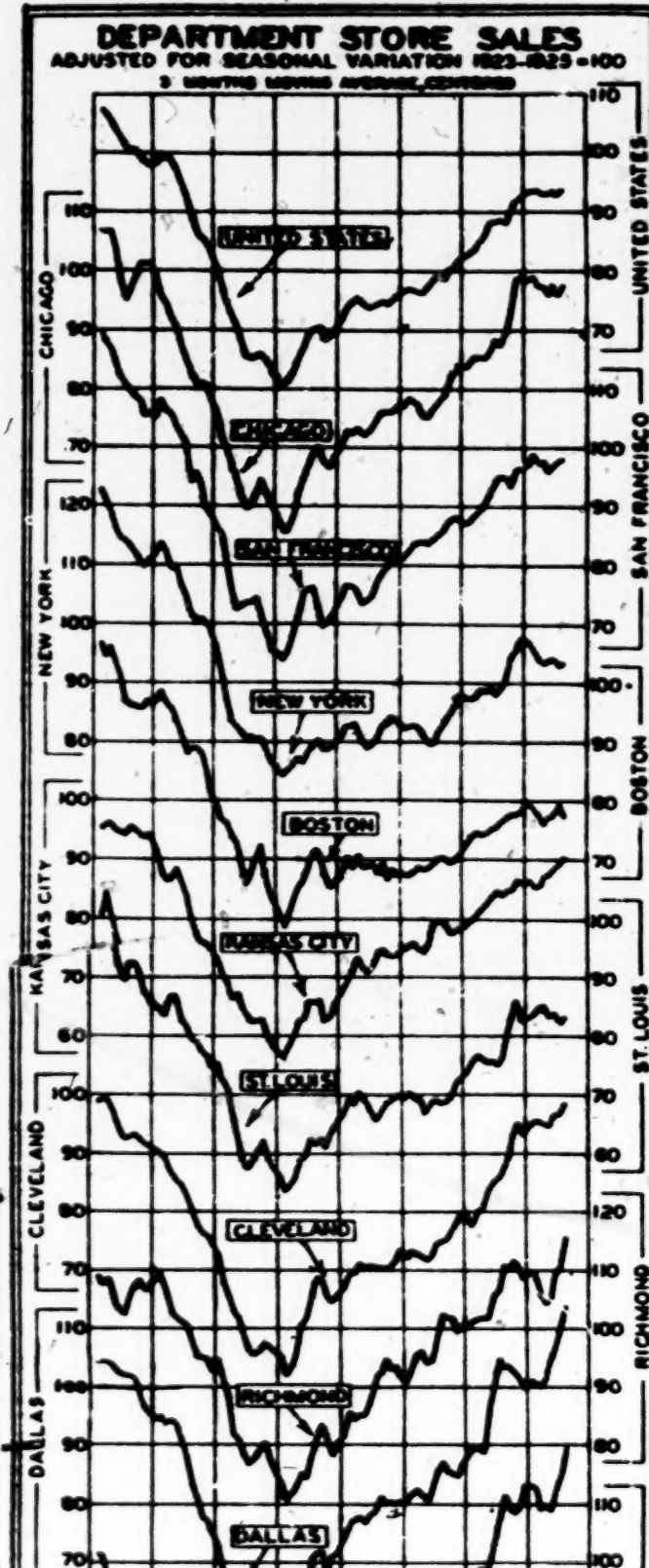
Chart entitled "Running Weekly Territorial Loads of Alabama Power Company (exclusive of Magazine generation until Nov. 8, 1935)."

(Original Exhibit)

(Here follow 2 photolithographs, side folios 2134 and 2135)

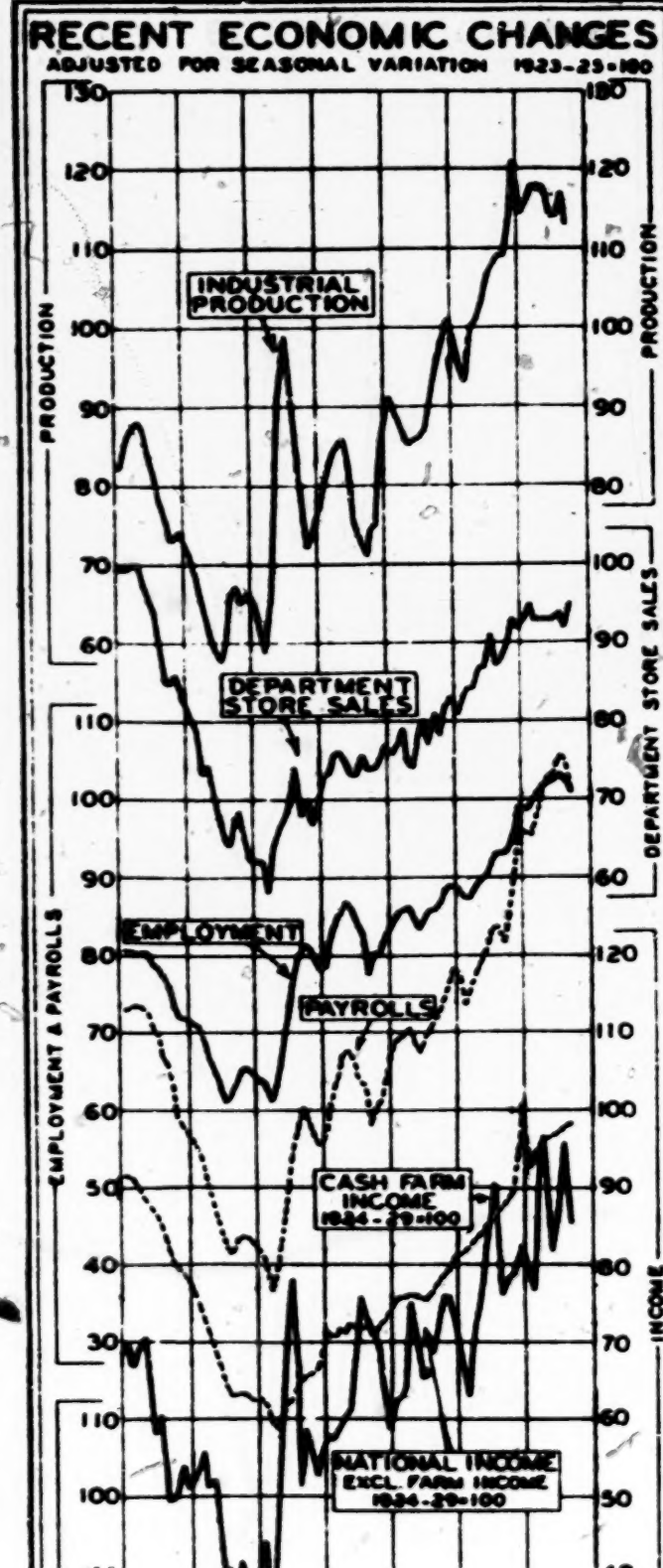
THE ANNALIST

Friday, Oct. 22, 1937



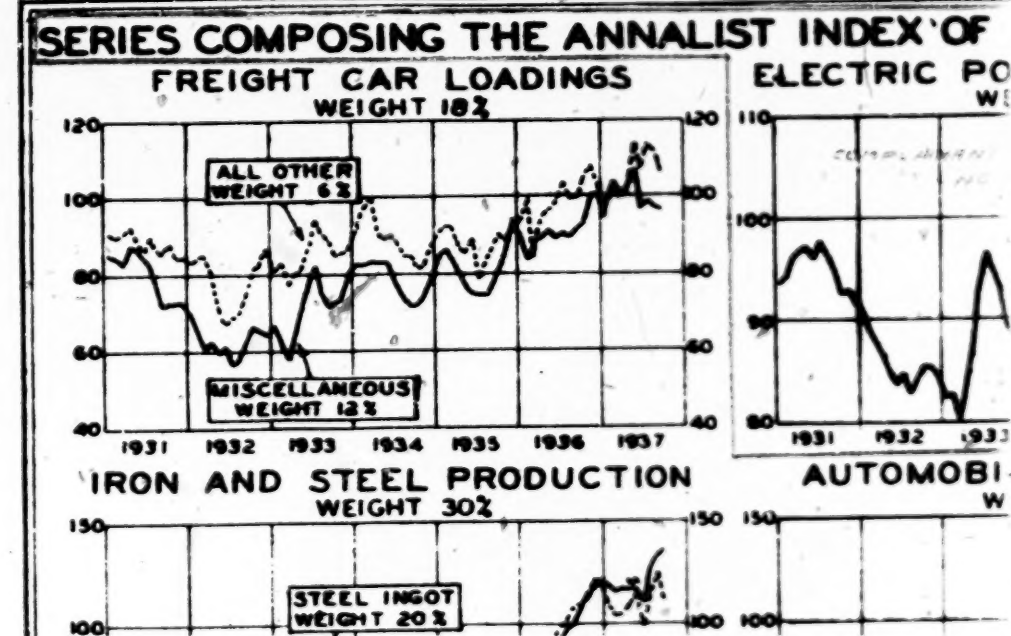
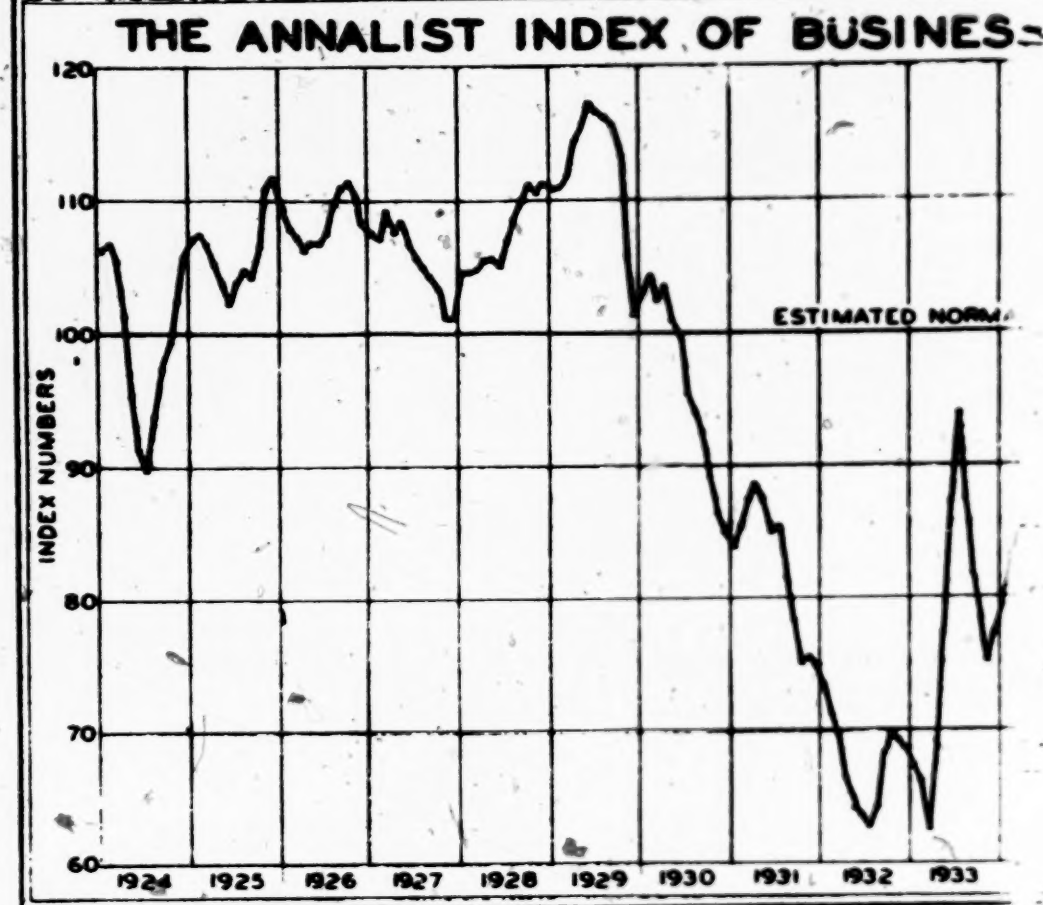
THE ANNALIST

Friday, Oct. 22, 1937



THE ANNALIST

Friday, October 22, 1937

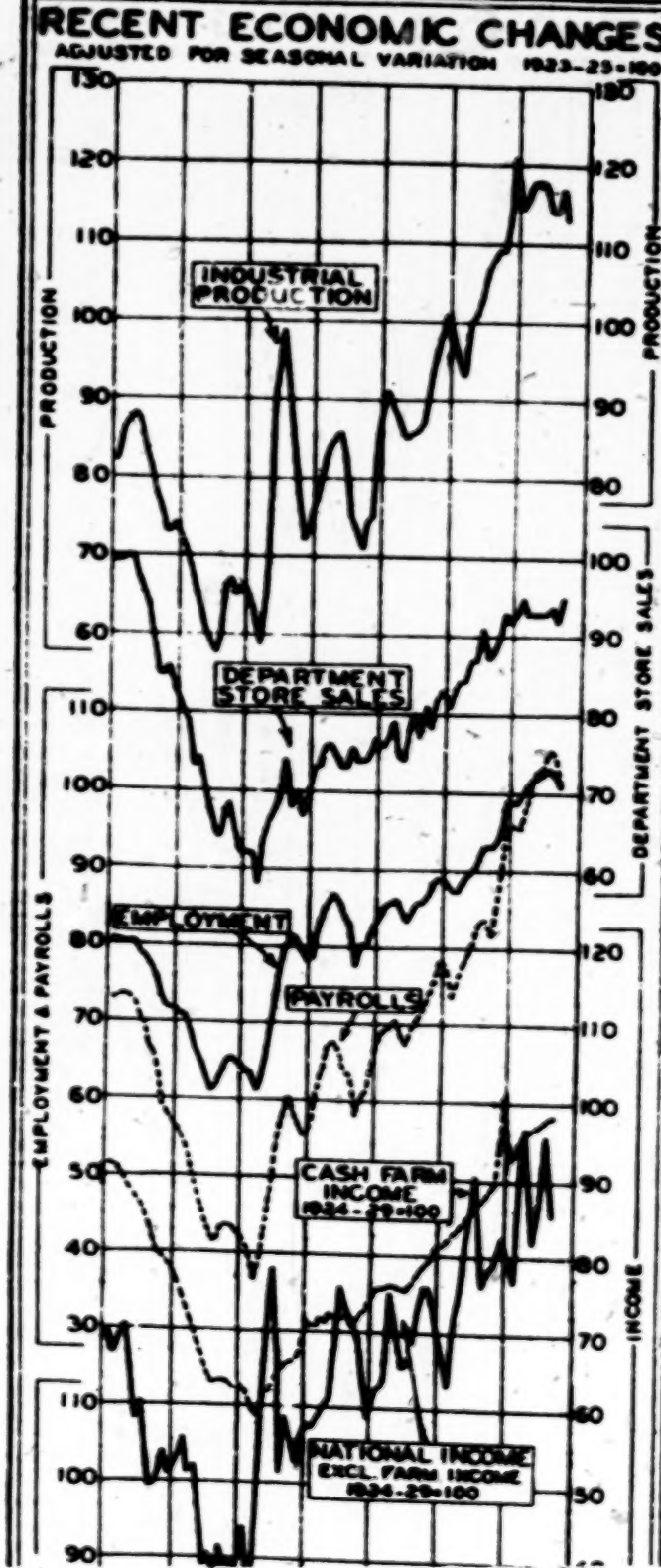


937



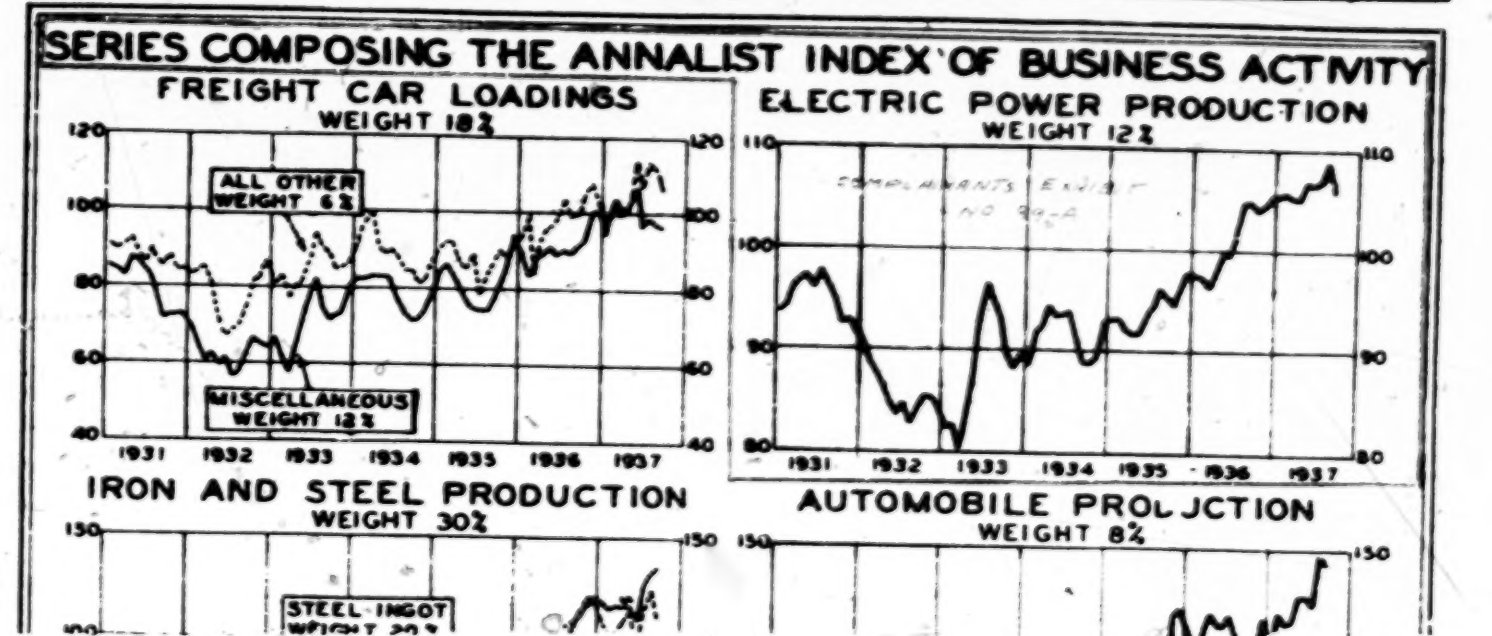
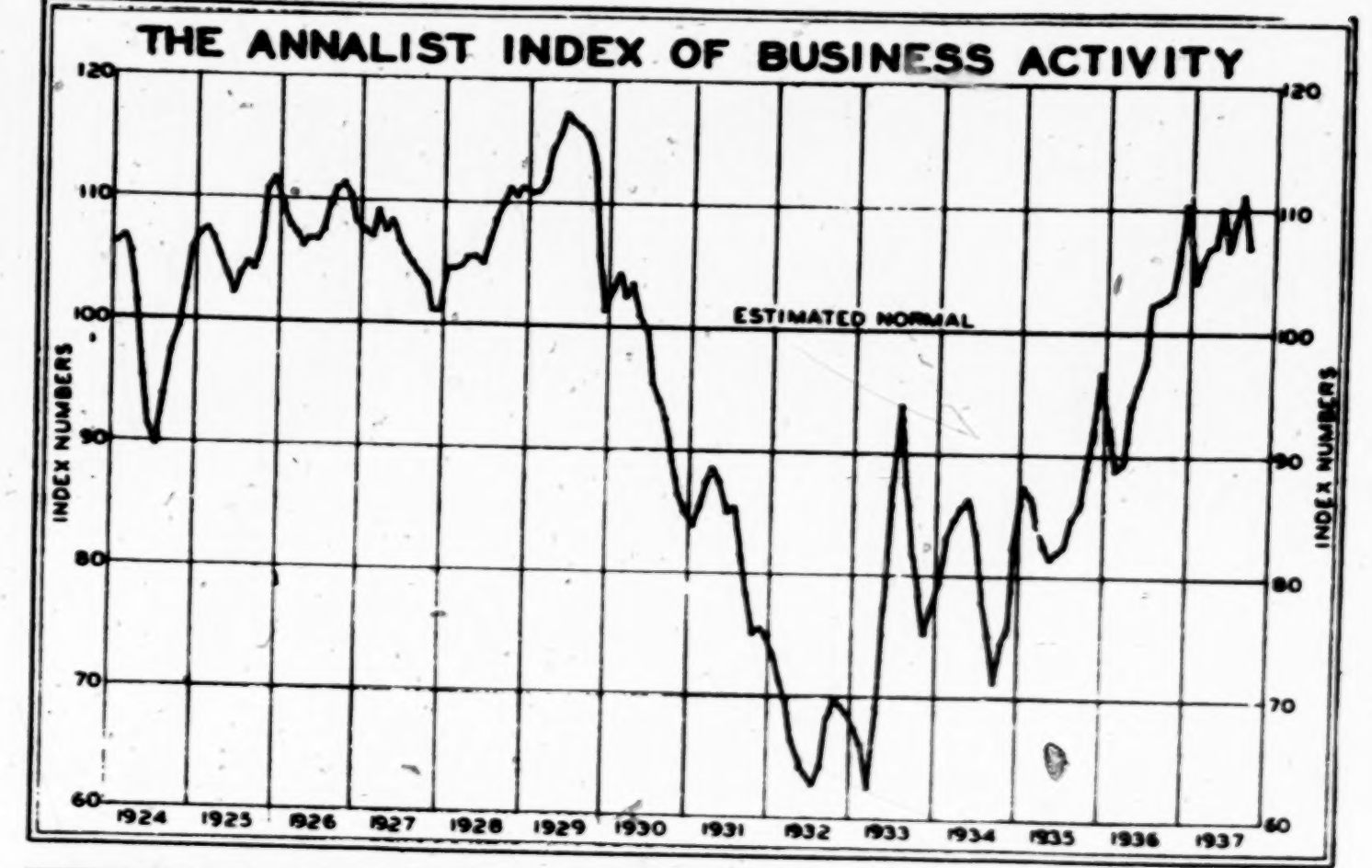
THE ANNALIST

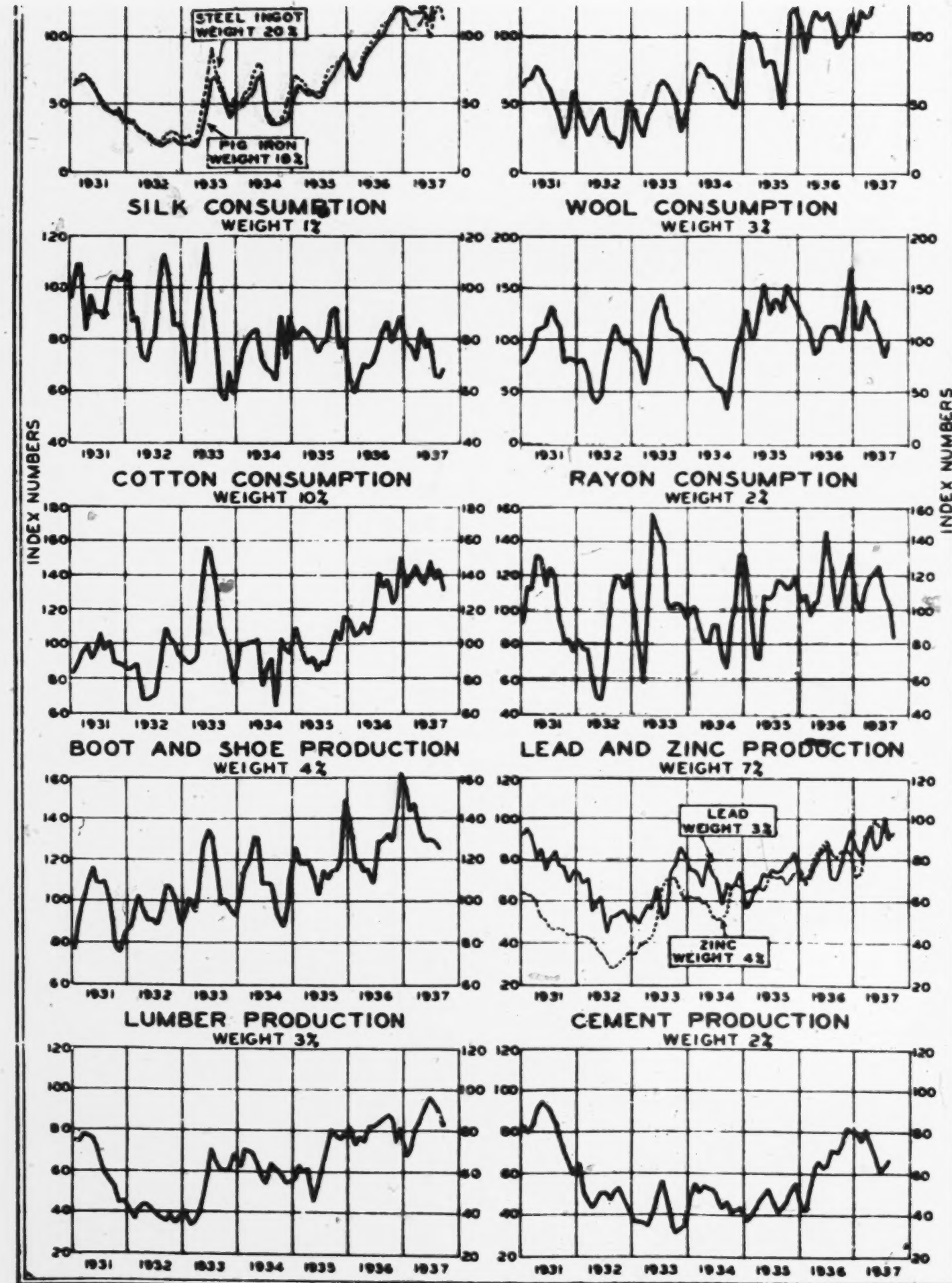
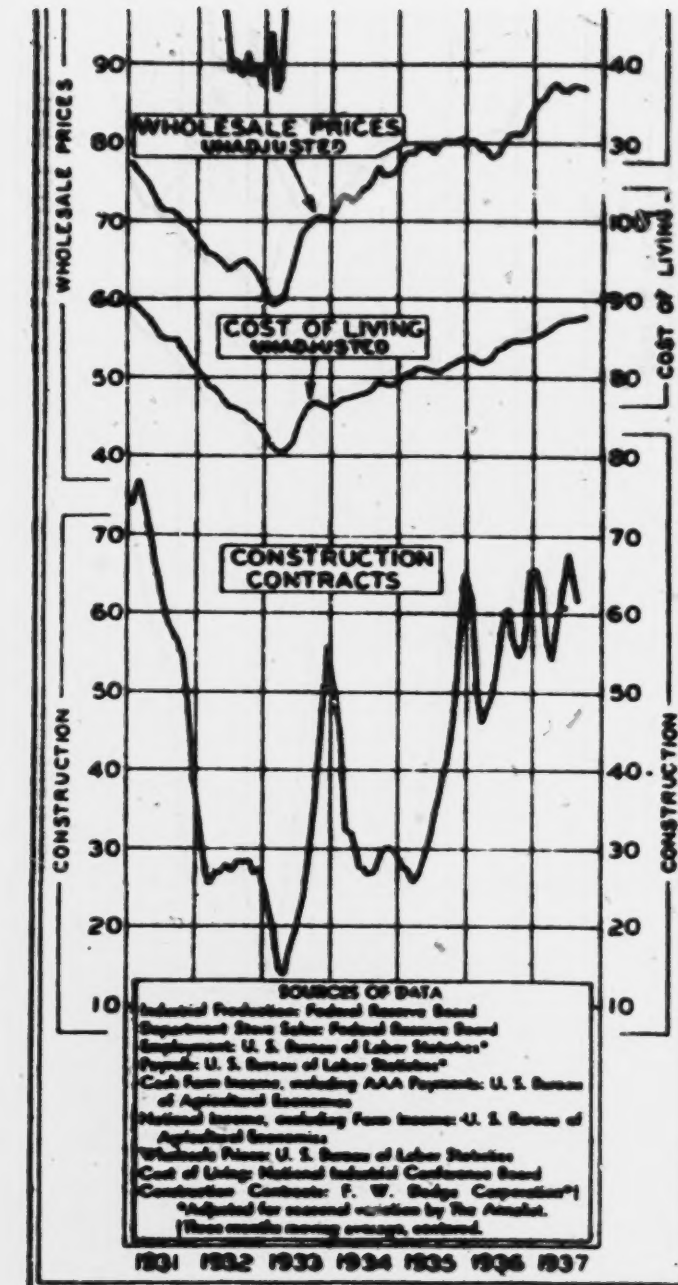
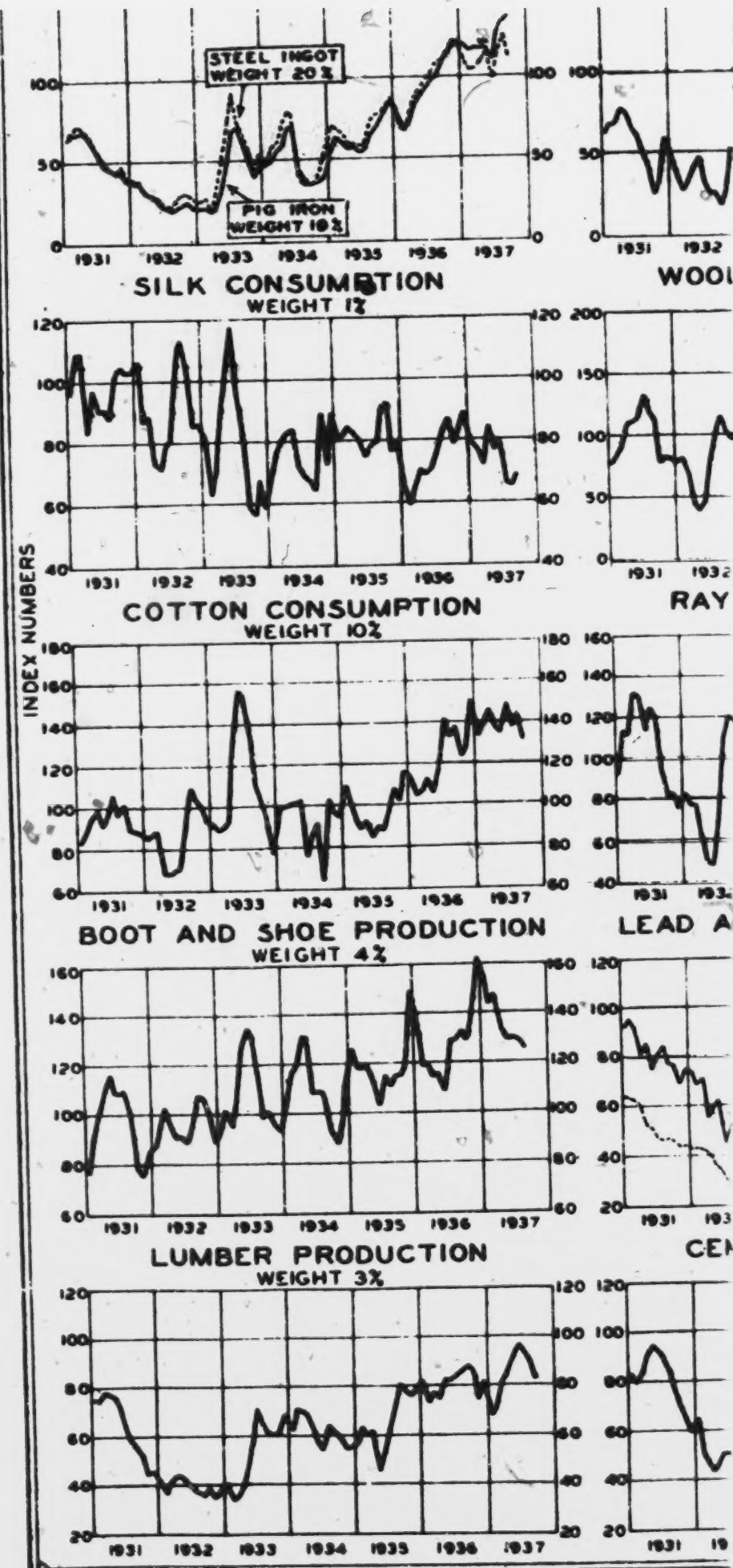
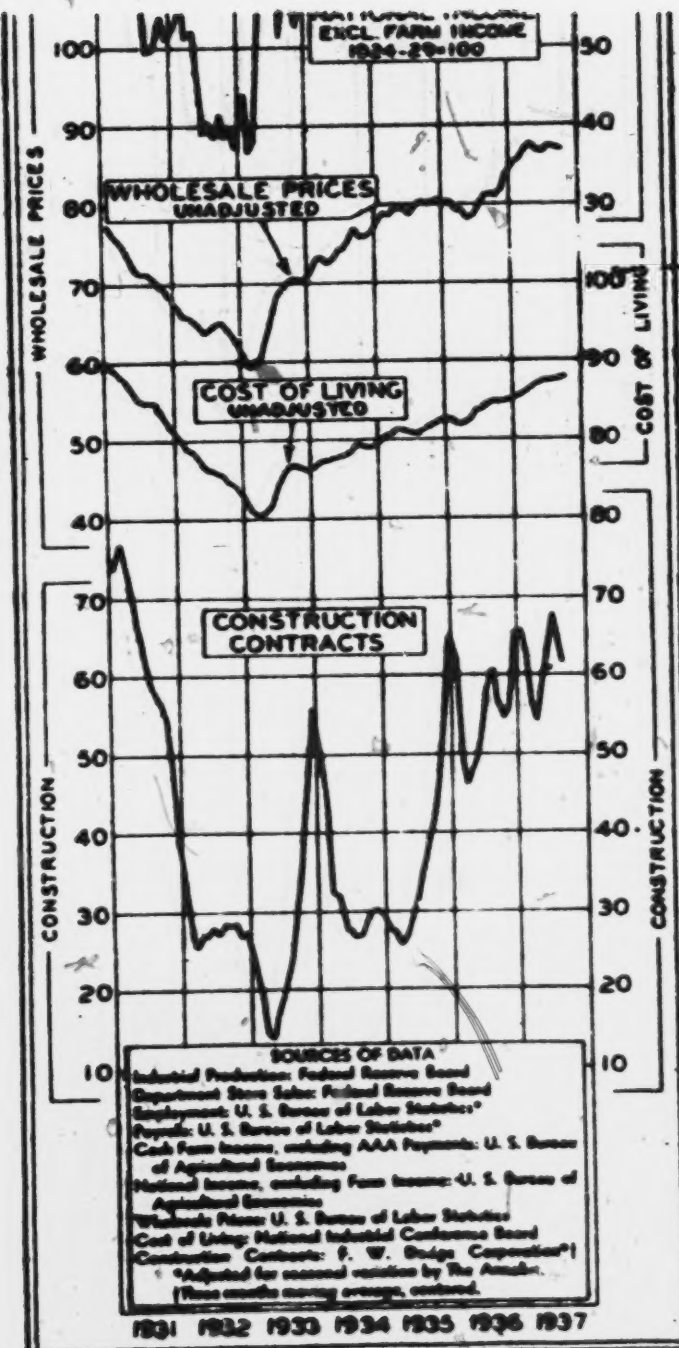
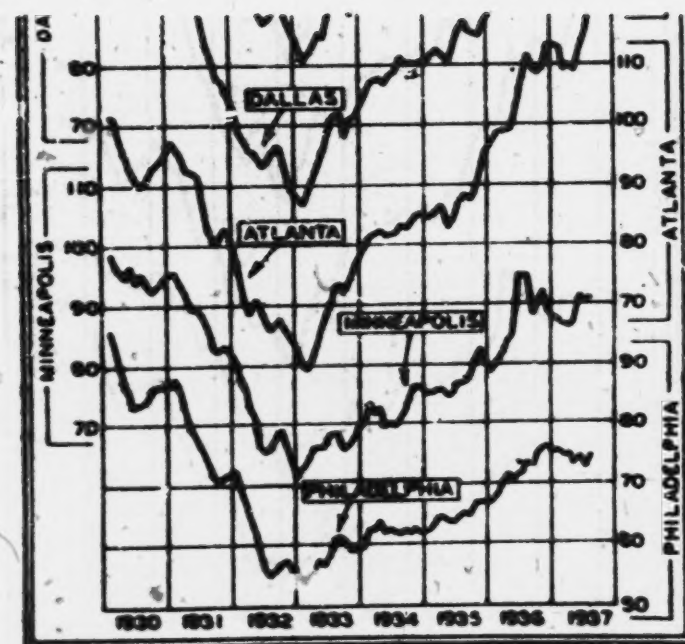
Friday, Oct. 22, 1937



THE ANNALIST

Friday, October 22, 1937





COMPLAINANTS' EXHIBIT NO. 100

MISSISSIPPI POWER & LIGHT COMPANYTax StatementTaxes Assessed and Paid

| <u>Description of Tax</u> | <u>1932</u> | <u>1933</u> | <u>1934</u> | <u>1935</u> | <u>1936</u> | <u>1937 Est.</u> |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Fed. Surtax | - | - | - | - | - | 49,826.00 |
| Fed. Income | 42,913.49 | 875.00 | 2,250.00 | None | 34,030.82 | 45,000.00 |
| Fed. Cap. Stock | - | 4,106.00 | 5,502.00 | 5,232.00 | 7,506.25 | 7,500.00 |
| Fed. 3% Energy | 24,988.43 | 63,190.03 | 64,261.62 | 62,245.07 | 72,220.87 | 84,600.00 |
| Fed. Tol. & Tel. | - | 561.09 | 842.07 | 759.28 | 864.13 | 900.00 |
| Fed. Excise 8 & 9 | - | - | - | - | 1,121.94 | 15,180.00 |
| Fed. Bond Int. | 5,601.48 | 5,591.51 | 5,654.96 | 5,626.26 | 5,417.75 | 5,600.00 |
| Fed. Bank Checks | 449.88 | 894.04 | 826.18 | 56.02 | - | - |
| St. & Loc. Adval. | 323,815.85 | 321,552.05 | 319,263.20 | 323,827.87 | 408,756.90 | 450,000.00 |
| State Sales | 39,395.50 | 74,031.61 | 82,249.56 | 87,954.39 | 102,970.79 | 120,000.00 |
| State Franchise | 16,540.00 | 16,441.00 | 17,363.41 | 15,131.00 | 16,579.00 | 15,120.00 |
| State Auto Mil. | - | - | 246.46 | 358.67 | 723.24 | 1,000.00 |
| State M. C. Mil. | - | - | - | 13,502.61 | - | - |
| State Unemploy. | - | - | - | - | 10,466.04 | 22,770.00 |
| State Fuel Oil | - | - | - | - | 5,273.65 | 7,000.00 |
| State & Loc. Priv. | 33,917.84 | 35,974.00 | 36,144.00 | 36,046.50 | 36,260.75 | 45,000.00 |
| State Bond Int. | 822.63 | 919.68 | 504.84 | 808.95 | 738.07 | 800.00 |
| State Income | 73.75 | 1,142.30 | 11,503.00 | None | 35,483.41 | 50,536.00 |
| Total Taxes | 488,518.36 | 525,278.31 | 546,611.30 | 551,548.62 | 738,463.61 | 918,832.00 |
| Gross Electric Operating Revenue | 3,640,000.62 | 3,402,561.55 | 3,652,069.98 | 3,660,104.52 | 4,231,527.59 | 4,842,880.00 |
| Gross Revenue | 4,591,181.07 | 4,403,546.12 | 4,812,937.53 | 5,038,455.39 | 5,941,216.14 | 6,721,515.00 |
| % of Gross Revenue | 10.64 | 11.93 | 11.36 | 10.95 | 12.43 | 13.67 |

[fol. 2136] COMPLAINANTS' EXHIBIT No. 101

Map of Facilities of and Territory Served by Mississippi
Power & Light Company
(Original Exhibit)

[fol. 2137] COMPLAINANTS' EXHIBIT No. 102

Mississippi Power & Light Company
Comparative Statement by Zones

| Zone | 1933 | | | 1936 | | |
|------|----------------|---------------|--------------|----------------|---------------|--------------|
| | Custo- mers | Kwh. Sales | Revenue | Custo- mers | Kwh. Sales | Revenue |
| 1 | 6434 | 11,855,769 | \$505,813.40 | 7779 | 18,734,247 | \$743,744.92 |
| 2 | 24651 | 69,974,358 | 2,347,449.47 | 29454 | 117,792,338 | 3,063,194.36 |

Note:

Zone 1—Area inclosed by an arc having a radius of 150 miles of Pickwick Dam.
Zone 2—Area between arcs drawn at radii of 150 and 250 miles of Pickwick Dam.

[fol. 2138] COMPLAINANTS' EXHIBIT No. 103

Mississippi Power & Light Company
Installed Generating Capacity
December 31, 1936

| Location | Installed kw. Capacity | | |
|----------------------------|------------------------|--------|-------|
| | Steam | Diesel | Total |
| Jackson | 5500 | ..... | 5500 |
| Natchez | ..... | 2500 | 2500 |
| Vicksburg | 2350 | ..... | 2350 |
| Fernwood | 2250 | ..... | 2250 |
| Greenville | 1776 | ..... | 1776 |
| Brookhaven | 540 | ..... | 540 |
| Grenada | 200 | 336 | 536 |
| Crystal Springs | ..... | 360 | 360 |
| Merit | ..... | 340 | 340 |
| Winona | 270 | ..... | 270 |
| Cleveland | 266 | ..... | 266 |
| Sardis | ..... | 240 | 240 |
| Tylertown | ..... | 222 | 222 |
| Rolling Fork | ..... | 215 | 215 |
| Mt. Olive | ..... | 213 | 213 |
| Carthage | ..... | 184 | 184 |
| Senatobia | ..... | 160 | 160 |
| Tunica | ..... | 136 | 136 |
| Charleston | ..... | 136 | 136 |
| Lexington | ..... | 136 | 136 |
| Port Gibson | 72 | 48 | 120 |
| Liberty | ..... | 80 | 80 |
| Miscellaneous small plants | ..... | 616 | 616 |
| Total Generating Capacity. | 13224 | 5922 | 19146 |

2608

(Here follows one photolithograph, side folio 2139)



COMPLAINANTS' EXHIBIT NO. 104
MISSISSIPPI POWER & LIGHT COMPANY
STATISTICS - ELECTRIC

| <u>Year</u> | <u>No. Cust. as of 12/31</u> | <u>Total Energy Sales</u> | <u>Total Industrial Sales</u> | <u>% Ind. Sales To Total Sales</u> | <u>Miles of Transmission as of 12/31</u> | <u>Miles of Distribution as of 12/31</u> |
|-------------------------|----------------------------------|-------------------------------|---------------------------------------|--|--|--|
| 1927 | 23,693 | 44,197,258 | 16,678,571 | 37.7% | 352.3 | 1050.2 |
| 1928 | 29,981 | 59,877,783 | 22,531,822 | 37.6% | 405.7 | 1792.5 |
| 1929 | 37,504 | 78,971,410 | 36,908,320 | 46.7% | 397.7 | 1937.3 |
| 1930 | 37,834 | 105,338,197 | 48,601,033 | 46.1% | 457.8 | 2288.1 |
| 1931 | 37,176 | 111,190,502 | 55,758,945 | 50.1% | 456.8 | 2345.1 |
| 1932 | 35,423 | 101,717,919 | 50,624,810 | 49.8% | 456.8 | 2333.9 |
| 1933 | 38,196 | 101,146,482 | 52,601,035 | 52.0% | 456.8 | 2334.2 |
| 1934 | 38,349 | 115,017,000 | 62,394,000 | 54.2% | 456.8 | 2376.2 |
| 1935 | 39,678 | 131,311,000 | 71,926,000 | 54.8% | 456.8 | 2398.0 |
| 1936 | 45,373 | 157,608,000 | 87,673,000 | 55.6% | 456.8 | 2628.2 |
| Ending Aug. 31, 1937 | 47,963 | 174,903,000 | 96,811,000 | 55.4% | | |

| <u>Year</u> | <u>Avg. KWH Consumption Per Res. Cust.</u> | <u>EXCLUDED Avg. Rate Per KWH Res. Sales</u> | <u>Avg. Rev. Per. Res. Customer</u> | <u>EXCLUDED Avg. Rate Per KWH Total Sales</u> | <u>Communities Served Electric</u> |
|-------------------------|--|--|---|---|--|
| 1927 | 314 | 11.07¢ | \$ 34.70 | 4.89¢ | 135 |
| 1928 | 399 | 9.24¢ | 36.89 | 4.47¢ | 205 |
| 1929 | 503 | 8.15¢ | 40.97 | 4.30¢ | 226 |
| 1930 | 586 | 7.01¢ | 41.11 | 3.86¢ | 266 |
| 1931 | 634 | 6.77¢ | 42.88 | 3.58¢ | 276 |
| 1932 | 608 | 6.93¢ | 42.12 | 3.54¢ | 277 |
| 1933 | 568 | 7.14¢ | 40.60 | 3.37¢ | 277 |
| 1934 | 579 | 6.82¢ | 39.45 | 3.17¢ | 280 |
| 1935 | 654 | 5.83¢ | 38.10 | 2.76¢ | 284 |
| 1936 | 693 | 5.65¢ | 39.10 | 2.68¢ | 308 |
| Ending Aug. 31, 1937 | 737 | 5.57¢ | 41.03 | 2.70¢ | 312 |
| | | | | | 2139 |

[fol. 2140] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 105
FOR IDENTIFICATION, BEING PART I OF HOUSE DOCUMENT
328, 71ST CONGRESS, 2ND SESSION (Excluded)

Par. 8, p. 2

As required by law, the district engineer shows the ultimate use that may be made of the waters of the Tennessee Basin by the United States and its citizens. He shows an estimate of the cost of all possible uses and a plan for the same in Charts I and II (pls. 7 and 8) of Appendix A of his report. The total estimate of cost given is \$1,200,000,000. But this sum is to be in nowise confused with the cost of any project to be executed at the expense of the United States Government. It is a vast plan possible to a proper combination of private enterprise and public works. The total cost is of no special interest in this report since only a minor part of it enters into prospective operations by the General Government.

Par. 10, p. 3

The system includes 149 hydroelectric power developments, together with certain auxiliary steam stations. The district engineer has worked out very completely the methods by which all these plants could be operated as a single system so as to effect the utmost economy and produce the maximum amount of power. Such coordinated operation includes the connection of all the plants by transmission lines and the exchange of power between plants which can generate surplus power at certain times of the year and those which have a deficiency of power at such periods. It provides for compensating the storage reservoirs for the benefits which they furnish to other plants in the form of regulated river flow. In this analysis it was assumed that the entire cost of the combined system for navigation, power development, and flood control would be charged to power except the cost of locks, barge lifts, and channel work required solely for navigation. Under these assumptions the system could produce about 3,000,000 kilowatts of firm power under a 50 per cent load factor, at an average cost of $4\frac{1}{3}$ mills per kilowatt-hour at the high-tension bus bars of the stations. While this price is not remarkably low for a large hydroelectric power development, it is [fol. 2141] considered sufficiently low to constitute an eco-

**EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 105 FOR
IDENTIFICATION (Excluded)**

nomically feasible and desirable project whenever the demand for power has grown sufficiently to produce a market which could absorb such large quantities.

Par. 16, pp. 4 & 5

If the development of navigation were desired without being combined with power development, a project could be constructed which would provide a 9-foot navigation from the mouth of the river to Knoxville by means of 32 low dams with locks at an estimated cost of about \$56,000,000, if provided with locks 56 feet wide and 360 feet long which are approximately the dimensions of those proposed for the high dams. If the locks are made 110 feet wide and 600 feet long, which are the dimensions of those in use on the Ohio River, the cost would be about \$75,000,000. The district engineer does not think that such a project should be built. However, he uses the cost of such a project as a measure of the benefits to navigation which are secured by the construction of the high dams and locks, and considers that a series of low dams might be adopted as an alternative in any section of the river on which, for some reason, the construction of a high dam was found to be impracticable at the present time. The district engineer discusses three methods of providing for the construction of this project:

(a) The projects to be constructed by parties holding licenses from the Federal Power Commission, the Federal Government carrying out detailed investigation of dam sites, constructing the lock, and participating in such other part of the development as may be equitable.

(b) The Federal Government to construct the navigation facilities and the dam, reservoir, and power house fore bay and to receive from the licensees reimbursement for such part of the cost of these structures as is chargeable to power production.

(c) The sites at Aurora Landing, Pickwick Landing, Chickamauga, White Creek, and Coulter Shoals to be constructed under plan (a) while Dam No. 3 and Guntersville, which are less attractive as power propositions, are constructed under plan (b).

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 105 FOR
IDENTIFICATION (Excluded)

He finds various objections to each of these plans and suggests as an alternative that the United States adopt a project for the improvement of the river by means of a series of low dams with locks with the proviso that a high dam built by other interests under the provisions of the Federal water power act may be substituted for any two or more of these low dams, if the cost to the United States [fol. 2142] is thereby decreased and the adequacy of the navigation facilities is not thereby impaired. He concludes that this alternative plan is the most satisfactory one.

Par. 17, p. 5

The district engineer therefore recommends the adoption of the project for the improvement of the Tennessee River to Knoxville by low dams with locks of Ohio River standards, to be completed within 10 years, at an estimated cost of \$74,709,000 with \$40,000 annually for the maintenance and operation of each dam, provided that under the provisions of the Federal water power act a high dam may be substituted for any two or more of the proposed low dams if the resulting cost to the United States will thereby be reduced and the navigable capacity of the waterway will not be lessened.

Par. 23, pp. 6 & 7

After due consideration I concur generally with the district engineer and recommend that the adopted project by the United States for the improvement of the Tennessee River from its mouth to Knoxville be for a navigable depth of 9 feet at low water by low dams in the number and approximate location as set forth in the report of the district engineer: Provided, That under the provisions of the Federal water power act a high dam with locks may be substituted for any two or more of the low dams and built by private interests, States, or municipalities: And provided further, That in case high dams are built before the United States shall have built the projected locks and low dams which are to be replaced, the United States shall contribute to the cost of the substituted structures an amount equal to the estimated cost of the works of navigation for which substitution is made.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 105 FOR
IDENTIFICATION (Excluded)

Par. 24(a), p. 7

I do not concur in full with other advisory authorities in the following respects:

(a) The district engineer.—He sets a time limit on the completion of the project. No time limit can be set at this time since this project must take its economic place in the general array of projects over the entire country and await the availability of money for its economical prosecution.

Par. 21, p. 16

The total power output in the Tennessee River Basin in 1927 was approximately 1,182,600,000 kilowatt-hours. The demand for 1950 is estimated as 5,900,000,000 kilowatt-hours. The projects investigated will develop 25,000,000,000 kilowatt-hours per annum, of which 12,500,000,000 kilowatt-hours can be developed on the main stream. * * *

[fol. 2143]

Par. 3, p. 88

The total firm power which may be economically developed by projects laid out for the development of the Tennessee River and its tributaries amounts to approximately 25,000,000,000 kilowatt-hours per annum, of which approximately 12,500,000,000 kilowatt-hours would be developed by projects on the main stream and 12,500,000,000 kilowatt-hours by projects on tributaries.

Par. 78, p. 97

Plan D—Navigation only.—All of the above plans for the development of the waterway require the cooperation of power companies. That a sound basis for such cooperation may be had, it is essential that a satisfactory project for a progressive development of the main stream for navigation alone be adopted by Congress.

With this idea in view, a plan has been prepared which contemplates the improvement of the Tennessee River from its junction with the Ohio to Knoxville by a system of 32 locks and dams of relatively low lift, which system has been designed to afford navigation facilities on a par with those now existing on the Ohio River.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 105 FOR
IDENTIFICATION (Excluded)

In the detailed cost estimate for this plan (pp. 98-100), the cost of small locks has been given as well as that for locks of Ohio River size. The district engineer does not believe that the small locks are satisfactory for the low dam system. Their cost is included here for comparative purposes only.

Par. 79-80, pp. 100-101

79. As indicated above, this system of low dams will provide for navigation only. There will be no benefits to flood protection, and no power, except a very small amount for the operation of the dams themselves, will be developed. The plan, however, will provide a waterway comparable in every way with the improved Ohio and adapted to incorporation with a consolidated inland waterway system of 9-foot depth. On such a waterway large tows of from 10,000 to 16,000 net cargo tons can be transported at costs, depending upon quantities and facilities offered, of from 1 to 2 mills per ton-mile.

The district engineer believes that no lesser project will provide an adequate waterway for modern barge traffic and therefore believes that if there be any modification of the plan by the substitution for any two or more low dams of a high dam to develop power or provide flood protection, that the capacity of the waterway for the economical movement of modern barge traffic, should not thereby in any way be lessened. It is believed absolutely essential that in any high fixed dam there must be two locks in parallel to provide for dependable navigation.

[fol. 2144] 80. Recommendation.—It is recommended that the general plan proposed for the combined development of the Tennessee River and its tributaries for navigation, power, and flood control be adopted as a general guide, subject to such modifications as may be found necessary and approved by the Chief of Engineers and Secretary of War, for navigation and flood control on the Tennessee River and its tributaries, and subject further to such modifications as may be found necessary in carrying out the provisions of the Federal water power act.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 105 FOR
IDENTIFICATION (Excluded)

It is recommended that a project for the progressive improvement of the Tennessee River from its mouth to Knoxville, by a system of movable or low fixed dams and by locks of Ohio River standards be adopted to be completed within a period of 10 years at an estimated cost of \$75,000,000 at the rate of \$3,000,000 for the first year and \$8,000,000 for each year thereafter until completion, with \$40,000 for annual operation, care, and maintenance for each dam and pool; with the proviso that under the provision of the Federal water power act there may be substituted for any two or more of the low dams herein provided for, a high dam if the resulting cost to the Federal Government will be less than by the estimate herein for the low dams thus rendered unnecessary, and provided further that the capacity of the waterway for the economical movement of modern barge traffic will not be in any way lessened.

Lewis H. Watkins, Major, Corps of Engineers.
District Engineer.

(Here follows two photolithographs, side folios 2145 and 2146)

Excerpts From Complainants' Exhibit No. 105 for Identification
(Excluded)

188 TENNESSEE RIVER AND TRIBUTARIES, N. C., TENN., ALA., KY.

High floods of record at four stations on the Tennessee River

KNOXVILLE, TENN.

[Mile station, 4.5; drainage area, 2,900 square miles]

| | Stage (feet) | | Stage (feet) |
|----------------|--------------|----------------|--------------|
| March, 1867 | 44.4 | November, 1906 | 23.0 |
| March, 1875 | 39.0 | January, 1908 | 16.9 |
| February, 1884 | 16.1 | February, 1908 | 15.2 |
| March, 1884 | 22.3 | February, 1909 | 13.7 |
| March, 1886 | 29.6 | June, 1909 | 14.0 |
| January, 1887 | 13.4 | February, 1911 | 13.2 |
| February, 1887 | 14.3 | March, 1911 | 14.5 |
| March, 1888 | 13.3 | April, 1911 | 14.2 |
| February, 1889 | 15.0 | March, 1912 | 12.8 |
| February, 1890 | 23.0 | April, 1912 | 17.0 |
| March, 1890 | 14.6 | March, 1913 | 21.6 |
| February, 1891 | 21.9 | December, 1914 | 17.3 |
| March, 1891 | 16.9 | February, 1915 | 12.7 |
| January, 1892 | 23.3 | December, 1915 | 14.9 |
| February, 1893 | 18.0 | February, 1916 | 13.9 |
| February, 1894 | 15.4 | July, 1916 | 29.9 |
| January, 1895 | 18.5 | March, 1917 | 28.2 |
| April, 1896 | 28.7 | January, 1918 | 24.2 |
| February, 1897 | 26.0 | October, 1918 | 18.7 |
| March, 1897 | 22.5 | December, 1918 | 13.0 |
| February, 1899 | 23.1 | January, 1919 | 16.2 |
| March, 1899 | 28.2 | March, 1920 | 13.0 |
| January, 1901 | 16.0 | April, 1920 | 26.7 |
| April, 1901 | 17.1 | February, 1921 | 17.8 |
| May, 1901 | 34.8 | January, 1922 | 19.0 |
| August, 1901 | 17.2 | February, 1922 | 14.7 |
| December, 1901 | 31.0 | March, 1922 | 13.0 |
| March, 1902 | 36.4 | December, 1922 | 12.4 |
| February, 1903 | 19.9 | February, 1923 | 16.8 |
| March, 1903 | 24.0 | March, 1923 | 13.4 |
| April, 1903 | 24.6 | December, 1926 | 14.5 |
| January, 1906 | 22.4 | | |

NOTE.—Gage heights at flood stage vary as follows: 1883-1898, 12.7 feet; 1899, 13.3 feet; 1900-1907, 15 feet; 1908-1917, 12.6 feet; 1917 to date, 12 feet.

CHATTANOOGA, TENN.

[Mile station, 188; drainage area, 21,400 square miles]

| | Stage (feet) | | Stage (feet) |
|----------------|--------------|----------------|--------------|
| March, 1867 | 58.6 | February, 1897 | 34.8 |
| March, 1875 | 53.6 | March, 1897 | 37.9 |
| December, 1875 | 34.2 | March, 1899 | 38.2 |
| January, 1879 | 38.0 | March, 1899 | 40.0 |
| March, 1880 | 37.6 | January, 1902 | 40.8 |
| January, 1882 | 40.2 | March, 1902 | 38.0 |
| January, 1883 | 38.2 | November, 1906 | 33.3 |
| February, 1884 | 36.7 | March, 1913 | 33.3 |
| March, 1884 | 42.8 | December, 1914 | 33.1 |
| April, 1886 | 52.2 | December, 1915 | 34.3 |
| March, 1890 | 42.5 | March, 1917 | 47.7 |
| February, 1891 | 37.5 | February, 1918 | 42.5 |
| March, 1891 | 38.9 | April, 1920 | 43.6 |
| January, 1892 | 37.9 | February, 1921 | 34.5 |
| April, 1892 | 34.3 | January, 1922 | 35.8 |
| February, 1893 | 33.4 | December, 1926 | 38.4 |
| April, 1896 | 41.5 | | |

NOTE.—Gage height at flood stage equals 33 feet.

Excerpts From Complainants' Exhibit No. 105 for Identification.
(Excluded)

TENNESSEE RIVER AND TRIBUTARIES, N. C., TENN., ALA., KY. 189

FLORENCE, ALA.

[Mile station 286; drainage area, 30,000 square miles]

| | Stage (feet) | | Stage (feet) |
|---------------------|--------------|---------------------|--------------|
| March, 1867..... | 31.1 | August, 1901..... | 19.0 |
| April, 1874..... | 28.0 | January, 1902..... | 21.0 |
| March, 1875..... | 29.4 | March, 1902..... | 21.7 |
| January, 1876..... | 19.8 | March, 1903..... | 18.7 |
| April, 1877..... | 19.4 | February, 1909..... | 19.0 |
| January, 1879..... | 21.5 | March, 1909..... | 19.6 |
| March, 1880..... | 24.5 | April, 1911..... | 22.0 |
| January, 1882..... | 29.6 | December, 1911..... | 18.2 |
| January, 1883..... | 20.3 | April, 1912..... | 19.6 |
| March, 1884..... | 25.2 | March, 1913..... | 18.5 |
| April, 1886..... | 28.1 | December, 1914..... | 19.2 |
| March, 1888..... | 20.5 | June, 1916..... | 19.3 |
| February, 1889..... | 19.8 | July, 1916..... | 20.5 |
| March, 1890..... | 23.3 | March, 1917..... | 24.6 |
| March, 1891..... | 22.2 | February, 1918..... | 21.8 |
| January, 1892..... | 20.0 | March, 1919..... | 19.2 |
| April, 1892..... | 24.0 | April, 1920..... | 23.5 |
| February, 1893..... | 20.8 | February, 1921..... | 18.7 |
| April, 1896..... | 19.9 | March, 1922..... | 21.5 |
| March, 1897..... | 32.5 | February, 1923..... | 18.2 |
| March, 1899..... | 25.2 | December, 1926..... | 26.4 |
| April, 1900..... | 19.2 | | |

NOTE.—Gage height at flood stage equals 18 feet.

JOHNSONVILLE, TENN.

[Mile station, 538; drainage area, 28,500 square miles]

| | Stage (feet) | | Stage (feet) |
|---------------------|--------------|---------------------|--------------|
| March, 1880..... | 37.7 | April, 1902..... | 35.6 |
| January, 1882..... | 43.8 | March, 1903..... | 33.7 |
| February, 1884..... | 44.3 | February, 1909..... | 33.0 |
| April, 1886..... | 42.1 | April, 1911..... | 36.1 |
| February, 1887..... | 31.4 | April, 1912..... | 35.4 |
| April, 1888..... | 33.3 | March, 1913..... | 33.3 |
| March, 1890..... | 37.7 | January, 1916..... | 32.5 |
| March, 1891..... | 38.2 | March, 1917..... | 38.9 |
| April, 1892..... | 35.8 | March, 1919..... | 35.3 |
| February, 1893..... | 33.6 | April, 1920..... | 35.9 |
| February, 1894..... | 31.1 | March, 1922..... | 36.4 |
| March, 1897..... | 48.0 | March, 1923..... | 31.2 |
| March, 1899..... | 39.7 | January, 1927..... | 40.5 |

NOTE.—Gage height at flood stage equals 31 feet.

NATURAL FLOOD FLOW CHARACTERISTICS OF THE TENNESSEE RIVER

An inspection of the Tennessee River flood hydrographs will show clearly that the rate of discharge during the advance of a flood is approximately the same for the entire length of the river. The slope of the advancing hydrograph is solely determined by the local run-off. During the period of precipitation the river stage throughout its entire length rises at an equal rate and shortly after the cessation of rainfall the headwater stages will have reached their crest and begin to recede. The lower-basin stages continue to rise slightly after rainfall ceases and hold near maximum for several days due to the arrival of the headwater run-off. The peak discharge contains very little water from the head tributaries, the effect of the latter being to broaden the hydrograph after the peak has passed.

[fol. 2147] COMPLAINANTS' EXHIBIT No. 105

House Document 328, 71st Congress, 2d Session, "Tennessee River and Tributaries, North Carolina, Tennessee, Alabama and Kentucky"

(Original Exhibit)

(Here follow two photolithographs, side folios 2148 and
2149)

COMPLAINANTS' EXHIBIT NO. 105(a)

Table appearing at pp. 98-99 of Complainants'
Exhibit No. 105

Cost estimate, low dams: navigation only

PLAN D

| Project | Miles above mouth | Pool elevation | | Lift | Foundation | Approximate length of dam | Cost of dam | Cost of lock, 56 by 300 feet | Cost of lock, 110 by 600 feet |
|-------------------------------|-------------------------|----------------|-------|------|-------------|---------------------------------|----------------|------------------------------------|-------------------------------------|
| | | Lower | Upper | | | | | | |
| Paturah to Muscle Shoals: | | | | | | | | | |
| Aurora Landing | 42.2 | 302 | 315 | 13 | Hard gravel | 1,000 | \$1,250,000 | \$910,000 | \$1,480,000 |
| White Oak Landing | 83.3 | 315 | 328 | 13 | do. | 1,400 | 1,200,000 | 940,000 | 1,535,000 |
| Perryville | 135.6 | 328 | 343 | 15 | do. | 1,800 | 1,315,000 | 1,000,000 | 1,625,000 |
| Wolf Island | 192 | 343 | 353 | 10 | do. | 1,400 | 1,020,000 | 850,000 | 1,400,000 |
| Big Bend Shoals | 204.6 | 353 | 367 | 14 | Rock | 1,000 | 1,040,000 | 970,000 | 1,540,000 |
| Colbert Shoals Canal | 229.6 | 367 | 390.6 | 23.6 | do. | 1,511,000 | 1,511,000 | 924,300 | 1,895,000 |
| Head Colbert Shoals | 234.6 | 390.6 | 404 | 13.4 | do. | 4,500 | 1,130,000 | 940,000 | 1,535,000 |
| Subtotal | | | | 102 | | | 8,496,000 | 6,534,000 | 11,045,000 |
| Muscle Shoals to Chattanooga: | | | | | | | | | |
| Dam No. 3 | 275.1 | 506 | 520 | 15 | Rock | 4,000 | 1,950,000 | 1,000,000 | 1,625,000 |
| Lock B | 285.1 | 520 | 530 | 10 | do. | | 48,000 | 850,000 | 1,440,000 |
| Milton Bluff | 287.7 | 530 | 541 | 11 | do. | 4,000 | 1,750,000 | 865,000 | 1,445,000 |
| Indian Creek Bar | 321.2 | 541 | 544 | 7 | do. | 1,300 | 800,000 | 760,000 | 1,310,000 |
| Beards Reef | 335.8 | 548 | 564 | 16 | do. | 1,400 | 1,220,000 | 1,030,000 | 1,670,000 |
| Mink Creek | 374.2 | 564 | 575 | 11 | do. | 1,400 | 970,000 | 840,000 | 1,445,000 |
| Belleville | 390.6 | 575 | 585 | 8 | do. | 1,300 | 860,000 | 790,000 | 1,310,000 |
| Widows Bar | | 585 | 592 | 9 | do. | 1,300 | 200,000 | 930,000 | 1,395,000 |
| Subtotal | | | | 87 | | | 7,918,000 | 7,110,000 | 11,640,000 |
| Total, Paturah to Chattanooga | | | | | | | 16,414,000 | 13,644,000 | 22,685,000 |
| Chattanooga to Knoxville: | | | | | | | | | |
| Sherman Hill | 468.7 | 629 | 641 | 12 | Rock | 1,200 | 810,000 | 910,000 | 1,490,000 |
| U. S. Quarry | 486.4 | 641 | 653 | 12 | do. | 1,200 | 810,000 | 910,000 | 1,490,000 |
| Sale Creek | 494.8 | 653 | 663 | 10 | do. | 1,200 | 730,000 | 850,000 | 1,400,000 |
| Kelly Shoals | 510.8 | 663 | 673 | 10 | do. | 1,200 | 730,000 | 850,000 | 1,400,000 |
| Watts Bar | 519.9 | 673 | 683 | 10 | do. | 1,200 | 730,000 | 850,000 | 1,400,000 |
| White Creek Island | 543.9 | 683 | 693 | 10 | do. | 1,200 | 730,000 | 850,000 | 1,400,000 |
| Half Moon Island | 550.4 | 693 | 703 | 10 | do. | 900 | 670,000 | 850,000 | 1,400,000 |
| Canev Creek Island | 562.9 | 703 | 713 | 10 | do. | 900 | 670,000 | 850,000 | 1,400,000 |
| Seven Island Shoals | 575.1 | 713 | 723 | 10 | do. | 900 | 670,000 | 850,000 | 1,400,000 |
| Sweetwater Island | 584.3 | 723 | 733 | 10 | do. | 900 | 670,000 | 850,000 | 1,400,000 |
| Rock Quarry Bar | 594.3 | 733 | 743 | 10 | do. | 900 | 670,000 | 850,000 | 1,400,000 |
| Bist. r Island Shoals | 604.6 | 743 | 753 | 10 | do. | 900 | 670,000 | 850,000 | 1,400,000 |
| Coulter Shoals | 608.6 | 753 | 763 | 10 | do. | 900 | 670,000 | 850,000 | 1,400,000 |
| Rogers Island | 618.1 | 763 | 773 | 10 | do. | 800 | 640,000 | 850,000 | 1,400,000 |
| Subtotal | | | | | | | | | |
| Georges Branch | 630.6 | 773 | 783 | 10 | do. | 800 | 640,000 | 850,000 | 1,400,000 |
| Little River Shoals | 634.9 | 783 | 793 | 10 | do. | 700 | 590,000 | 850,000 | 1,400,000 |
| Williams Island | 638.6 | 793 | 803 | 10 | do. | 700 | 590,000 | 850,000 | 1,400,000 |
| Subtotal | | | | | | | 11,630,000 | 14,570,000 | 22,980,000 |

Summary of costs

| | |
|--|-------------------|
| 110 by 600 feet locks mouth to Chattanooga | 220,000,000 |
| 110 by 600 feet locks Chattanooga to Knoxville | 25,610,000 |
| Total | 74,700,000 |
| 56 by 300 feet locks mouth to Chattanooga | 20,060,000 |
| 56 by 300 feet locks Chattanooga to Knoxville | 20,300,000 |
| Total | 80,360,000 |

103054-13, INC. 828, 71-2, P11-1-1

COMPLAINANTS' EXHIBIT NO. 105(b)

Table appearing at p. 100 of Complainants'
Exhibit No. 105

*Comparative summary of costs for low dams (movable) on Tennessee River with
single locks, 110 by 600 feet*

| Section | Number of locks | Pool length | Lift | | Estimated cost | Cost per structure | Cost per mile | Cost per foot of lift |
|------------------------------|-----------------|-------------|-------|---------|----------------|--------------------|---------------|-----------------------|
| | | | Total | Average | | | | |
| | | Miles | Feet | Feet | | | | |
| Pe'nuch to Muscle Shoals | 17 | 210 | 102 | 14.6 | \$19,541,000 | \$2,800,000 | \$23,060 | \$192,000 |
| Muscle Shoals to Chattanooga | 8 | 154 | 87 | 11.1 | 19,558,000 | 2,430,000 | 127,000 | 225,000 |
| Chattanooga to Knoxville | 17 | 180 | 174 | 10.6 | 35,610,000 | 2,050,000 | 198,000 | 208,000 |
| Total or average | 32 | 544 | 363 | 11.3 | 74,709,000 | 2,330,000 | | 205,000 |

¹ Includes new lock and dam at Colbert Shoals.

² Includes new lock at Widows Bar.

Comparison of Ohio River Dams 4 to 39, inclusive

| | |
|---|--------------|
| Number of locks | 36 |
| Length of pools (miles) | 516 |
| Total lift (feet) | 263 |
| Average lift (feet) | 7.3 |
| Cost adjusted to present level | \$75,000,000 |
| Cost per structure | \$2,080,000 |
| Cost per structure with allowance for increase in average lift to 11.3 feet | \$2,080,000 |
| 4 feet on lock, at \$45,000 per foot | \$180,000 |
| 4 feet on dam | \$200,000 |
| Total | \$2,460,000 |

[fol. 2150] COMPLAINANTS' EXHIBIT No. 105(c)

Appendix A, Plate 7 of Part II of House Document 328, entitled the "Location of Existing and Proposed Navigation, Hydro Electric and Reservoir Projects" prepared by the Corps of Engineers, United States Army, dated December 15, 1928

(Rejected in evidence as an excerpt from Part II of House Document No. 328, 71st Congress 2nd Session, but received in evidence as part of such Document which the court ordered filed in evidence).

(Original Exhibit)

[fol. 2151] COMPLAINANTS' EXHIBIT No. 105(d)

Appendix A, Plate 8 of Part II of House Document 328, entitled the "Actual or Tentative Locations of Navigation Dams and Hydro Electric Power Sites" prepared by the Corps of Engineers, United States Army, dated December 15, 1928

(Rejected in evidence as an excerpt from Part II of House Document No. 328, 71st Congress 2nd Session, but received in evidence as part of such document which the Court ordered filed in evidence).

(Original Exhibit)

[fol. 2152] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 106
FOR IDENTIFICATION, BEING "PART I OF THE ANNUAL REPORT OF THE CHIEF OF ENGINEERS, U. S. ARMY, 1932"
(Excluded)

P. 1206

Existing project.—This provides for a channel 9 feet deep at low water from the mouth to Knoxville, Tenn., a distance of 652 miles, to be obtained by the construction of low dams, provided, that under the provisions of the Federal water power act a high dam with locks may be substituted for any two or more of the low dams and built

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 106 FOR IDENTIFICATION (Excluded)

by private interests, States, or municipalities; and, provided further, that in case high dams are built before the United States shall have built the projected locks and low dams which are to be replaced, the United States shall contribute to the cost of the substituted structures an amount equal to the estimated cost of the works of navigation for which substitution is made.

The Chief of Engineers was directed to ascertain and report to Congress on the first day of the first regular session of the Seventy-second Congress, advising the prospective cooperation offered by responsible interests, under the Federal water power act, in the program of construction recommended by the Chief of Engineers, providing for the 9-foot project by means of high dams.

The total number of low navigation dams now included in the project is 32 (exclusive of those already built under previous projects).

The following table (Marked for Identification as Complainants' Exhibit 106(A)) contains information concerning various features of the proposed locks and low dams, and such existing locks and dams as are included in this project:

(Here follows one photolithograph, side folio 2153)

Complainants' Exhibit No. 106 (a)

(Excluded as an excerpt from Complainants' Exhibit No. 106 but received in evidence as part of such document.)

Table Appearing on pp. 1207 - 08.

| Name | Location | | Lock | | | | | | | | |
|------------------------------|-------------------|--|--------------------|---------------------------------|------|-------------------------------------|-------|--|----------------------------|---------------------------|---|
| | Miles above mouth | Distance from nearest town or mouth of navigable tributary | Dimensions | | | Pool elevation above mean sea level | | Character of foundation | Percent- age of completion | Year opened to navigation | Estimated or actual cost of each lock and dam |
| | | | Width of cham- ber | Length available for full width | Lift | Lower | Upper | | | | |
| | | | Feet | Feet | Feet | Feet | Feet | | | | |
| Aurora Landing..... | 42.2 | 11.3 miles above Birmingham, Ky..... | 110 | 600 | 13 | 302 | 315 | Hard gravel..... | (1) | (1) | \$2,780,000.00 |
| White Oak Landing..... | 53.3 | 52.3 miles above Birmingham, Ky..... | 110 | 600 | 13 | 315 | 328 | do..... | (1) | (1) | 2,735,000.00 |
| Perryville..... | 135.6 | At Perryville, Tenn..... | 110 | 600 | 15 | 328 | 343 | do..... | (1) | (1) | 2,980,000.00 |
| Wolf Island..... | 192 | 2.5 miles above Savannah, Tenn..... | 110 | 600 | 10 | 343 | 353 | do..... | (9) | (1) | 2,420,000.00 |
| Big Bend Shoals..... | 204.6 | 2.6 miles above Hamburg, Tenn..... | 110 | 600 | 14 | 353 | 367 | Rock..... | (1) | (1) | 2,620,000.00 |
| Colbert Shoals Canal..... | 228.6 | 0.6 miles above Riverton, Ala..... | 110 | 600 | 23.6 | 367 | 380.6 | do..... | (1) | (1) | 1,301,000.00 |
| Head Colbert Shoals..... | 234.6 | 8.6 miles above Riverton, Ala..... | 110 | 600 | 13.4 | 380.6 | 404 | do..... | (1) | (1) | 2,064,000.00 |
| Dam No. 1..... | 254.7 | 0.3 mile above railroad bridge at Florence, Ala..... | 60 | 300 | 12.1 | 404 | 416.1 | Limestone (Lau- derdale chert)..... | 100 | 1927 | 888,315.25 |
| Wilson Dam (Dam No. 2)..... | 256.2 | 2.9 miles above Florence, Ala..... | 60 | 300 | 89 | 416.1 | 808.1 | do..... | 99 | 1927 | 47,737,044.27 |
| General Joe Wheeler Dam..... | 275.1 | 18.6 miles above Florence, Ala..... | 110 | 600 | 13 | 808 | 820 | Rock..... | (1) | (1) | 1,575,000.00 |
| Lock B..... | 285.1 | 19.3 miles below Decatur, Ala..... | 110 | 600 | 10 | 820 | 830 | do..... | (1) | (1) | 1,488,000.00 |
| Milton Bluff..... | 287.7 | 16.7 miles below Decatur, Ala..... | 110 | 600 | 11 | 830 | 841 | do..... | (1) | (1) | 2,106,000.00 |
| Indian Creek Bar..... | 321.2 | 16.8 miles above Decatur, Ala..... | 110 | 600 | 7 | 841 | 848 | do..... | (1) | (1) | 2,330,000.00 |
| Rebais Reef..... | 355.8 | 2.3 miles below Guntersville, Ala..... | 110 | 600 | 16 | 848 | 864 | do..... | (1) | (1) | 2,416,000.00 |
| Mink Creek..... | 374.2 | 16.1 miles above Guntersville, Ala..... | 110 | 600 | 11 | 864 | 875 | do..... | (1) | (1) | 2,330,000.00 |
| Bellefonte..... | 390.6 | 32.8 miles above Guntersville, Ala..... | 110 | 600 | 8 | 875 | 883 | do..... | (1) | (1) | 1,896,000.00 |
| Widows Bar..... | 408 | 56.1 miles below Chattanooga, Tenn..... | 110 | 600 | 9 | 883 | 892 | do..... | (7) | (7) | 2,330,000.00 |
| Hales Bar Lock and Dam..... | 431 | 33 miles below Chattanooga, Tenn..... | 60 | 267 | 37 | 892 | 929 | do..... | 100 | 1913 | 236,288.87 |
| Sherman Hill..... | 468.7 | 4.6 miles above Market Street Bridge, Chat- tanooga, Tenn..... | 110 | 600 | 12 | 929 | 941 | do..... | (1) | (1) | 2,300,000.00 |
| United States Quarry..... | 486.4 | 22.3 miles above Market Street Bridge, Chat- tanooga, Tenn..... | 110 | 600 | 12 | 941 | 953 | do..... | (1) | (1) | 2,300,000.00 |
| Sale Creek..... | 494.8 | 30.7 miles above Market Street Bridge, Chat- tanooga, Tenn..... | 110 | 600 | 10 | 953 | 963 | do..... | (1) | (1) | 2,130,000.00 |

¹ Proposed dam, no work performed; estimated cost.

² Will submerge existing Riverton Lock of Colbert Shoals Canal.

³ Actual cost.

⁴ Flight of 2 locks, authorized under section 124, national defense act of June 3, 1916 (H. Doc. No. 1362, 64th Cong., 1st sess.).

⁵ Will submerge existing Locks Nos. 1 and 2 of Muscle Shoals Canal.

⁶ Existing Lock B (Elk River Shoals Canal) to be reconstructed to provide 9-foot depth. Estimated cost shown is for reconstruction. Present Lock A will be drowned out.

⁷ Existing dam will be reconstructed to provide 9-foot depth and size of lock increased. Estimated cost shown is for reconstruction.

⁸ Present elevation of dam (838.2) is increased 3 feet at present by flashboards. Modification to provide 9-foot instead of 8-foot depth will be required.

⁹ Actual cost to United States of existing lock; cost to power company was about \$9,886,700.

| Name | Location | | Lock | | | | | | | | |
|---------------------------|-------------------|--|------------------|---------------------------------|------|-------------------------------------|-------|-------------------------|--------------------------|---------------------------|---|
| | Miles above mouth | Distance from nearest town or mouth of navigable tributary | Dimensions | | | Pool elevation above mean sea level | | Character of foundation | Percentage of completion | Year opened to navigation | Estimated or actual cost of each lock and dam |
| | | | Width of chamber | Length available for full width | Lift | Lower | Upper | | | | |
| | | | Feet | Feet | Feet | Feet | Feet | | | | |
| Kelly Shoals..... | 510.8 | 46.7 miles above Market Street Bridge, Chattanooga, Tenn. | 110 | 600 | 10 | 663 | 673 | Rock..... | (1) | (1) | \$2,130,000.00 |
| Watts Bar..... | 529.9 | 37.9 miles below Kingston, Tenn. | 110 | 600 | 10 | 673 | 683 | do..... | (1) | (1) | 2,130,000.00 |
| White Creek Island..... | 543.9 | 32.9 miles below Kingston, Tenn. | 110 | 600 | 10 | 683 | 693 | do..... | (1) | (1) | 2,130,000.00 |
| Half Moon Island..... | 550.6 | 17.2 miles below Kingston, Tenn. | 110 | 600 | 10 | 693 | 703 | do..... | (1) | (1) | 2,070,000.00 |
| Canev Creek Island..... | 562.9 | 4.9 miles below Kingston, Tenn. | 110 | 600 | 10 | 703 | 713 | do..... | (1) | (1) | 2,070,000.00 |
| Seven Island Shoals..... | 575.1 | 7.3 miles above Kingston, Tenn. | 110 | 600 | 10 | 713 | 723 | do..... | (1) | (1) | 2,070,000.00 |
| Sweetwater Island..... | 584.3 | 7.3 miles below Loudon, Tenn. | 110 | 600 | 10 | 723 | 733 | do..... | (1) | (1) | 2,070,000.00 |
| Rock Quarry Bar..... | 594.3 | 2.8 miles above Loudon, Tenn. | 110 | 600 | 10 | 733 | 743 | do..... | (1) | (1) | 2,070,000.00 |
| Sister Island Shoals..... | 604.6 | 13.1 miles above Loudon, Tenn. | 110 | 600 | 10 | 743 | 753 | do..... | (1) | (1) | 2,070,000.00 |
| Coulter Shoals..... | 608.6 | 17.1 miles above Loudon, Tenn. | 110 | 600 | 10 | 753 | 763 | do..... | (1) | (1) | 2,070,000.00 |
| Rogers Island..... | 618.1 | 26.9 miles below Knoxville, Tenn. | 110 | 600 | 10 | 763 | 773 | do..... | (1) | (1) | 2,040,000.00 |
| Georges Branch..... | 630.6 | 14.4 miles below Knoxville, Tenn. | 110 | 600 | 10 | 773 | 783 | do..... | (1) | (1) | 2,040,000.00 |
| Little River Shoals..... | 634.9 | 10.1 miles below Knoxville, Tenn. | 110 | 600 | 10 | 783 | 793 | do..... | (1) | (1) | 1,980,000.00 |
| Williams Island..... | 638.6 | 6.4 miles below Knoxville, Tenn. | 110 | 600 | 10 | 793 | 803 | do..... | (1) | (1) | 1,980,000.00 |

¹ Proposed dam, no work performed; estimated cost.

RIVERS AND HARBORS—CHATTANOOGA, TENN., DISTRICT 1207

1208 REPORT OF CHIEF OF ENGINEERS, U. S. ARMY, 1933

[fol. 2154] COMPLAINANTS' EXHIBIT No. 106

Annual Report of the Chief of Engineers, United States Army, 1932

(Original Exhibit)

[fol. 2155] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 107
FOR IDENTIFICATION, BEING PART I OF THE ANNUAL REPORT
OF THE CHIEF OF ENGINEERS OF THE U. S. ARMY, 1936''
(Excluded)

P. 1032

Existing project.—This provides for a channel 9 feet deep at low water from the mouth to Knoxville, Tenn., a distance of 647.7 miles, to be obtained by the construction of low dams; provided, that under the provisions of the Federal Water Power Act a high dam with locks may be substituted for any two or more of the low dams and built by private interests, States, or municipalities; and provided further that in case high dams are built before the United States shall have built the projected locks and low dams which are to be replaced, the United States shall contribute to the cost of the substituted structures an amount equal to the estimated cost of the works of navigation for which substitution is made.

The total number of low navigation dams now included in the project is 19 (exclusive of those already built under former projects and those eliminated by the construction of high navigation power dams at the Pickwick Landing site, mile 206.7, General Joe Wheeler site, mile 274.9, Gunter'sville site, mile 349.0, and the Chickamauga site, mile 471.0).

The following table (Marked for Identification as Complainants' Exhibit 107(A)) contains information concerning various features of the proposed locks and low dams and such existing locks and dams as are included in this project:

Complainants' Exhibit No. 107 (a)

(Excluded as an excerpt from Complainants' Exhibit 107 but received in evidence as part of such document.)

Table Appearing on pages 1033 - 34.

| Name of project | Location | | Lock | | | | | Character of foundation | Per-centage of completion | Year opened to navigation | Estimated or actual cost of each lock and dam |
|---|-------------------|---|------------------|---------------------------------|-------------------------------------|-------|-------|-----------------------------------|---------------------------|---------------------------|---|
| | Miles above mouth | Distance from nearest town, or mouth of navigable tributary | Dimensions | | Pool elevation above mean sea level | | | | | | |
| | | | Width of chamber | Length available for full width | Lift | Lower | Upper | | | | |
| | | | Feet | Feet | Feet | Feet | Feet | | | | |
| Aurora Landing..... | 42.2 | 11.3 miles above Birmingham, Ky..... | 110 | 600 | 13 | 302 | 315 | Hard gravel..... | (1) | (1) | \$2,750,000.00 |
| White Oak Island..... | 52.3 | 32.3 miles above Birmingham, Ky..... | 170 | 600 | 13 | 315 | 328 | do..... | (1) | (1) | 2,735,000.00 |
| Perryville..... | 136.1 | At Perryville, Tenn..... | 200 | 600 | 15 | 328 | 343 | do..... | (1) | (1) | 2,990,000.00 |
| Wolf Island..... | 192.0 | 2.3 miles above Savannah, Tenn..... | 110 | 600 | 10 | 343 | 353 | do..... | (1) | (1) | 2,420,000.00 |
| Big Bend Shoals..... | 304.6 | 2.3 miles above Hamburg, Tenn..... | 110 | 600 | 14 | 353 | 367 | Rock..... | (1) | (1) | 2,620,000.00 |
| Pickwick Landing ¹¹ | 306.7 | 4.4 miles above Hamburg, Tenn..... | 110 | 605.3 | *81 | 352 | 413 | do..... | (1) | (1) | 4,858,962.00 |
| Colbert Shoals Canal..... | 326.8 | 0.9 mile above Riverton, Ala..... | 110 | 600 | 23.6 | 367 | 390.6 | do..... | (1) | (1) | 3,391,000.00 |
| Head Colbert Shoals..... | 334.6 | 8.7 miles above Riverton, Ala..... | 110 | 600 | 13.4 | 390.6 | 404 | do..... | (1) | (1) | 2,665,000.00 |
| Lock and dam no. 1..... | 338.8 | 0.3 mile above railroad bridge at Florence, Ala..... | 60 | 298.5 | 12.1 | 404 | 416.1 | Limestone (Lauderdale chert)..... | 100 | 1925 | 7,989,215.25 |
| Wilson Dam (Dam no. 2)..... | 339.4 | 2.9 miles above Florence, Ala..... | 60 | 297.5 | *86 | 416.1 | 508.1 | do..... | 100 | 1927 | 46,613,947.62 |
| General Joe Wheeler Dam (dam no. 3) ¹² | 374.9 | 18.4 miles above Florence, Ala..... | 60 | 300 | 49.9 | 505.1 | 553 | Rock..... | (1) | 1934 | 11,651,711.66 |
| Lock B..... | 386.1 | 19.4 miles below Decatur, Ala..... | 110 | 600 | 10 | 530 | 530 | do..... | (1) | (1) | 1,468,000.00 |
| Milton Bluff..... | 387.7 | 16.6 miles below Decatur, Ala..... | 110 | 600 | 11 | 530 | 541 | do..... | (1) | (1) | 3,195,000.00 |
| Indian Creek Bar..... | 321.2 | 16.7 miles above Decatur, Ala..... | 110 | 600 | 7 | 541 | 548 | do..... | (1) | (1) | 2,300,000.00 |
| Guntersville ¹³ | 346.0 | 9.1 miles below Guntersville, Ala..... | 60 | 300 | 30 | 555 | 594 | do..... | (1) | (1) | 2,800,000.00 |
| Beards Reef..... | 355.8 | 2.3 miles below Guntersville, Ala..... | 110 | 600 | 16 | 548 | 564 | do..... | (1) | (1) | 2,800,000.00 |

¹ Proposed dam, no work performed; estimated cost.

² Lock and dam under construction by Tennessee Valley Authority.

³ Will submerge existing Riverton Lock and Colbert Shoals Canal and eliminate Colbert Shoals Canal and Head Colbert Shoals low-dam projects.

⁴ Above low water.

⁵ Lock 80 percent completed; dam 10 percent completed.

⁶ Estimated cost of lock only.

⁷ Actual cost of lock and dam.

⁸ Flight of 3 locks, authorized under sec. 124, National Defense Act of June 3, 1916 (H. Doc. No. 1262, 64th Cong., 1st sess.).

⁹ Dam under construction by Tennessee Valley Authority.

¹⁰ Will submerge existing locks nos. 1 and 2 of Muscle Shoals Canal, locks A and B of Elk River Shoals Canal, and eliminate lock B, Milton Bluff and Indian Creek Bar low-dam projects.

¹¹ Lock opened to navigation Nov. 27, 1934, 95 percent completed; dam 92 percent completed.

¹² Actual cost of lock only.

¹³ Will submerge existing Widows Bar lock and dam and eliminate Beards Reef, Mink Creek, and Bellefonte low-dam projects.

¹⁴ Lock 12 percent completed; dam 10 percent completed.

| Name of project | Location | | Lock | | | | | | | | |
|---------------------------|-------------------|---|------------------|---------------------------------|--------|-------------------------------------|-------|-------------------------|---------------------------|---------------------------|---|
| | Miles above mouth | Distance from nearest town, or mouth of navigable tributary | Dimensions | | | Pool elevation above mean sea level | | Character of foundation | Per-centage of completion | Year opened to navigation | Estimated or actual cost of each lock and dam |
| | | | Width of chamber | Length available for full width | Lift | Lower | Upper | | | | |
| | | | Feet | Feet | Feet | Feet | Feet | | | | |
| Mink Creek | 374.2 | 16.1 miles above Guntersville, Ala. | 110 | 600 | 11 | 584 | 575 | Rock | (1) | (1) | 2,415,000.00 |
| Bellefonte | 386.6 | 22.5 miles above Guntersville, Ala. | 110 | 600 | 8 | 573 | 583 | do | (1) | (1) | 2,300,000.00 |
| Widows Bar lock and dam | 487.6 | 26.5 miles below Chattanooga, Tenn. | 110 | 600 | 14.9.6 | 592.6 | 592.6 | do | (1) | (1) | 1,565,000.00 |
| Hales Bar lock and dam | 431.2 | 22.9 miles below Chattanooga, Tenn. | 60 | 265 | 36.6 | 592.6 | 638.2 | do | 100 | 1913 | 1,266,398.87 |
| Sherman Hill | 468.7 | 4.6 miles above Market Street Bridge, Chattanooga, Tenn. | 110 | 600 | 11.8 | 638.2 | 641 | do | (1) | (1) | 2,300,000.00 |
| Chickamauga ¹⁴ | 471.0 | 6.9 miles above Market Street Bridge, Chattanooga, Tenn. | 60 | 300 | 50 | 635 | 685 | do | (1) | (1) | |
| United States Quarry | 496.4 | 22.3 miles above Market Street Bridge, Chattanooga, Tenn. | 110 | 600 | 12 | 641 | 653 | do | (1) | (1) | 2,300,000.00 |
| Sale Creek | 496.0 | 30.9 miles above Market Street Bridge, Chattanooga, Tenn. | 110 | 600 | 10 | 653 | 669 | do | (1) | (1) | 2,130,000.00 |
| Kelly Shoals | 516.8 | 65.7 miles above Market Street Bridge, Chattanooga, Tenn. | 110 | 600 | 10 | 663 | 673 | do | (1) | (1) | 2,130,000.00 |
| Watts Bar | 528.9 | 37.9 miles below Kingston, Tenn. | 110 | 600 | 10 | 673 | 683 | do | (1) | (1) | 2,130,000.00 |
| White Creek Island | 543.9 | 28.9 miles below Kingston, Tenn. | 110 | 600 | 10 | 683 | 693 | do | (1) | (1) | 2,130,000.00 |
| Half Moon Island | 548.6 | 19.3 miles below Kingston, Tenn. | 110 | 600 | 10 | 693 | 703 | do | (1) | (1) | 2,070,000.00 |
| Cane Creek Island | 563.8 | 6.6 miles below Kingston, Tenn. | 110 | 600 | 10 | 703 | 713 | do | (1) | (1) | 2,070,000.00 |
| Seven Island Shoals | 575.1 | 7.3 miles above Kingston, Tenn. | 110 | 600 | 10 | 713 | 723 | do | (1) | (1) | 2,070,000.00 |
| Sweetwater Island | 594.3 | 7.2 miles below Loudon, Tenn. | 110 | 600 | 10 | 723 | 733 | do | (1) | (1) | 2,070,000.00 |
| Rock Quarry Bar | 606.0 | 3.5 miles above Loudon, Tenn. | 110 | 600 | 10 | 733 | 743 | do | (1) | (1) | 2,070,000.00 |
| Sister Island Shoals | 604.6 | 13.1 miles above Loudon, Tenn. | 110 | 600 | 10 | 743 | 753 | do | (1) | (1) | 2,070,000.00 |
| Center Shoals | 608.6 | 17.1 miles above Loudon, Tenn. | 110 | 600 | 10 | 753 | 763 | do | (1) | (1) | 2,070,000.00 |
| Rogers Island | 616.6 | 31.1 miles below Knoxville, Tenn. | 110 | 600 | 10 | 763 | 773 | do | (1) | (1) | 2,040,000.00 |
| George Branch | 626.6 | 17.1 miles below Knoxville, Tenn. | 110 | 600 | 10 | 773 | 783 | do | (1) | (1) | 2,040,000.00 |
| Little River Shoals | 626.0 | 12.7 miles below Knoxville, Tenn. | 110 | 600 | 10 | 783 | 793 | do | (1) | (1) | 1,990,000.00 |
| Williams Island | 626.4 | 9.3 miles below Knoxville, Tenn. | 110 | 600 | 10 | 793 | 808 | do | (1) | (1) | 1,990,000.00 |

¹ Proposed dam, no work performed; estimated cost.

² Lock and dam under construction by Tennessee Valley Authority.

³ Existing dam to be reconstructed to provide a 9-foot navigable depth and size of lock increased. Estimated cost is shown for reconstruction.

⁴ Normal elevation of dam (638.1) is at present increased 3 feet by flash boards.

⁵ Actual cost to United States of existing lock; cos. of existing lock and dam to power company was about \$6,606,700.

⁶ Will eliminate United States Quarry, Sale Creek, and Kelly Shoals low-dam projects.

⁷ Lock 10 percent completed; dam 2 percent completed.

RIVERS AND HARBOURS—NASHVILLE, TENN., DISTRICT 1033

1034 REPORT OF CHIEF OF ENGINEERS, U. S. ARMY, 1936

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(Here follows one photolithograph, side folio 2156)

[fol. 2157] COMPLAINANTS' EXHIBIT No. 107

Annual Report of the Chief of Engineers, United States
Army, 1936 (Part 1)

(Original Exhibit)

[fol. 2158] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 108
FOR IDENTIFICATION, BEING HEARING BEFORE SUB-COMMITTEE
OF HOUSE COMMITTEE ON APPROPRIATIONS, 73RD CON-
GRESS, 1ST SESSION (Excluded)

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The Chairman: * * * Out of this \$3,300,000,000,
\$50,000,000 is allocated, to remain available until expended,
for the Tennessee Valley.

Dr. Morgan is here on this item, and we would like to
hear from him on it. Doctor, please explain how the money
is to be expended, and give us a breakdown of it, if pos-
sible.

Construction of Cove Creek Dam in Tennessee Valley

Dr. Morgan: The largest single item in this estimate is
that for the construction of the Cove Creek Dam in the
Tennessee Valley, above Muscle Shoals.

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Mr. Collins: I do not understand just exactly what kind
of dam you are going to build. Are you going to build the
same type of dam and a dam of the same height and length
that you would build if you expected to utilize all of the
power that could be generated there?

Dr. Morgan: Yes, sir; almost absolutely the same, so
far as I can see now. This dam will be 225 feet high. It
will be of the same type as though used entirely for power.
It will be used partly for flood control. There will be gates
in it to regulate its use for flood control. When finally the
valley is fully developed there may be 50 dams in the valley
25 years from now, and then there will be a less amount of
storage required for flood control at this particular dam.

Mr. Collins: You will build the same type of dam that

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 108 FOR
IDENTIFICATION (Excluded)

you would build if there was a scarcity of power, and you were building it for the development of further power. In other words, you will build that kind of dam.

Dr. Morgan: Yes, sir.

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Mr. Oliver: I think it is important that a part of the fund be definitely understood as being allocated for building a transmission line from Muscle Shoals to Cove Creek.

Dr. Morgan: Yes, sir.

Mr. Oliver: Since, as I understand it, that is a definite and basic part of the project.

Dr. Morgan: Yes, sir; if that transmission line is necessary we must either build it or buy it. That is \$6,000,000.

[fol. 2159]

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Mr. Arnold: Referring to the ~~transmission~~ line from Muscle Shoals to Cove Creek, the cost of purchasing the power required there would be about equal to the interest on the investment required to build the new line, as I understand it. What do you say about that?

Dr. Morgan: I do not know. I cannot tell you. It would depend upon what by-product there would be from building the transmission line. If it was simply a question of taking power from Muscle Shoals to Cove Creek to build the Cove Creek Dam, I would say, do not do it; but if we are to go into a territory that we will serve, that would be another situation.

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Dr. Morgan: There another thing. To build power plants but no transmission lines would not do us any good, because Cove Creek will develop 100,000 horsepower. Now, horsepower is no good unless it can be disposed of. It is written all through the bill that the purpose of the bill is to distribute power to the small user. And what is the use of building a dam if you do not have any place to sell that power?

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 108 FOR IDENTIFICATION (Excluded)

Mr. Bolton: Of course, the dam is partly valuable for navigation purposes.

Dr. Morgan: Yes, but so far as power is involved—that is what I am talking about. You see, after the dam is built—it is not only the building of a dam that requires power; if it were that, we would purchase power, even if it was at high cost. If you are going to have power, you have to have some way of getting that power where it is going to be used.

Also the entire portion of Complainants' Exhibit No. 108 for identification relating to the Tennessee Valley Authority appearing at pages 23 to 36, inclusive, thereof.

[fol. 2160] COMPLAINANTS' EXHIBIT NO. 108

Hearing Before the Subcommittee of House Committee on Appropriations on the Fourth Deficiency Appropriation Bill for 1933, 73rd Congress, 1st Session.

(Original Exhibit)

[fol. 2161] EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 109 FOR IDENTIFICATION, BEING EXTRACTS FROM HEARINGS BEFORE THE SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS, 73RD CONGRESS, 2ND SESSION (Excluded)

Statement of Dr. Arthur E. Morgan, Chairman

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The Chairman: We have an estimate before us for not to exceed \$48,000,000 for the Tennessee Valley Authority, which is supposed to come out of the emergency appropriation. We would like to know why that is necessary.

Allocations under or Original Appropriation of \$50,000,000

Dr. Morgan: When I appeared before the committee a year ago there was before you an item of \$50,000,000 for the Tennessee Valley Authority, and I said at that time

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

it would take about 2 years for the expenditure of those funds.

— That \$50,000,000 falls chiefly in these items: For the construction of the Norris Dam, \$34,000,000; for the construction of a transmission line from the Wilson Dam to the Norris Dam, \$6,000,000; for the acquirement of electric power properties, which I do not think I discussed before, but which has been carried through since then, amounting to \$3,000,000.

The fertilizer program is not costing us as much as we anticipated. Our estimate for the past year and the year to come is 4 or 5 million, and that leaves 2 or 3 million dollars, for all of the other purposes of the Authority, and those are distributed over a considerable range.

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Mr. Arnold: I would like to have you develop that thought further, as to why you do not go along and finance yourselves.

Dr. Morgan: There are a number of reasons why the Tennessee Valley Authority has not considered issuing bonds. One reason is as to the adding to the financial obligations of the Government. We would want any bond issue to be a part of the fiscal policy of the Government, as to how many bonds should be sold at any one time.

Another thing is this. For a number of years to come the resources of the Tennessee Valley Authority in its power program ought to be used, I think, in extending that program, in the extension of rural lines, and the building up of a system.

It will be some time before that program ought to be returning its cost, I think. That is to say, there are just two ways of doing it.

One is to go ahead and build a dam with bonds and to use the income to pay interest and provide a sinking fund. [fol. 2162] and then to call for further appropriations for extensions. The other is to build that dam out of appropriations and then have the income for extensions.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 109 FOR IDENTIFICATION (Excluded)

It is six of one and half a dozen of the other, practically. That is to say, for instance, we have a certain project to develop there. Suppose we should consume that bond-issuing capacity in building a dam now, then the further development would have to come out of appropriations.

Mr. Collins: Your outside limit is \$50,000,000?

Dr. Morgan: Yes; our outside limit is \$50,000,000.

Mr. Collins: You could not begin to do the work contemplated with that amount.

Dr. Morgan: Another thing we have in mind is that this appropriation will carry some of these dams only partly to completion. We might find ourselves very much embarrassed with one or two dams partly built and nothing to complete them with. We would like to have a backlog to enable us to round out a program of completing one or two partially finished dams at any time we find ourselves with no other resources at hand.

If we could build the Wheeler Dam, for instance, with a bond issue, our bond-selling resources would be gone, approximately.

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Page 140

Mr. Arnold: Do I understand your present intention is to come to Congress and ask for a sum total of \$130,000,000 as the years go by.

Dr. Morgan: As the years go by that is the intention.

Mr. Arnold: To build the dams, and the proceeds from the industry there will be used entirely for outside development; is that right?

Dr. Morgan: What do you mean by "outside?"

Mr. Arnold: Well, the extension of lines and the service to the municipalities in that community.

Dr. Morgan: Or possibly the completion of some of the dams.

We have this program we are presenting. Those dams will have to be connected by transmission lines. What we are trying to work out is an integrated program for the development of the Tennessee River.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Power Which Can Be Developed at Muscle Shoals

I may say this in explanation. The Tennessee River has great power possibilities. Whether or not that development is economical depends upon whether it is worked out as a unit. Take, for instance, the Muscle Shoals project. Taken as a single unit the Muscle Shoals project is not [fol. 2163] profitable.

During the last summer, for instance, the power at Muscle Shoals ran down to 25,000 kilowatts. There is almost no storage above it. It can only use the water as the river runs.

In a wet winter the flow is enough to produce power up to 600,000 kilowatts. We have a variation in capacity from 25,000 kilowatts to 600,000 kilowatts. Taken alone, that is not a profitable development.

When we build the Norris Dam we can use the storage at the Norris Dam to fill in the low periods in the flow at Muscle Shoals, and we can have a minimum supply of power of from 150,000 to 200,000 kilowatts, instead of 25,000. That combination of dams is what makes the development profitable.

If we can develop this power in an integrated way in a number of units, the cost per unit of electric power will be less than half of what it is with one of these operated by itself.

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Mr. Olver: Let the doctor tell us what he has spent first.

Dr. Morgan: On the power program we have contracted to acquire power facilities from the Commonwealth & Southern Co. amounting to \$2,900,000. In rural electrification the amount expended is \$400,000.

In the Norris-Wheeler-Wilson transmission line, from the Norris Dam to the Wheeler Dam, our expenditures, up to the 1st of July, amount to \$876,000.

Then there are other electrical extensions amounting to \$274,900, making a total for the power program of \$4,478,900.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

On the fertilizer program, the chief item is the construction of our fertilizer plant, using part of plant No. 2, the amount for which is \$658,000. The total for the fertilizer items is \$921,000.

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Mr. Olver: What other items are included in the \$50,000,000, which you are drawing on now?

Dr. Morgan: The item of \$34,000,000 for the Norris Dam, \$9,000,000 for power, about \$4,000,000 for fertilizer; and that leaves about \$3,000,000 for all the rest of the activities of the Authority, which are a good many.

Mr. Olver: And all of that is very essential to the operation of your basic plans, we might say?

[fol. 2164] Dr. Morgan: For those large projects coming through to completion all of that expenditure is essential so that it will not be a complete fiasco.

All of that is included in these few items, \$34,000,000 for construction; \$9,000,000 for power; that is, presuming we do not do anything else in power. We have an expenditure of \$5,000,000 for power purchases under negotiation now, that we may make in the next month, but that cannot be included in the \$50,000,000. Then we have \$4,000,000 for fertilizer and \$3,000,000 for all the other purposes I have described.

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Value and Necessity for Building Four Dams

Mr. Thurston: Do you think it is good business to start in to build four dams when you have not been able to sell of the power you generate in one or two of them?

Dr. Morgan: The question of the power you can sell will depend to a considerable degree upon the cost of the power. If we can get a unified system there we will generate our power at about half the cost of present power at Muscle Shoals, with the balance of navigation.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 109 FOR IDENTIFICATION (Excluded)

Mr. Thurston: I can understand that with respect to the first dams, but not in the case of the last two dams.

Dr. Morgan: The same thing applies to them. Suppose we build what is called the "Pickwick Dam" on the Tennessee River and the Aurora Dam. Each one will be three times as valuable with the Norris Dam as without it. Operating as a unit that is profitable, but the Norris Dam alone is not profitable. Muscle Shoals alone is not profitable, but taking those together it is a profitable enterprise.

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Mr. Bolton: Will all this work be done with due regard to navigation?

Dr. Morgan: As to these dams, the Aurora Dam, on the Tennessee River, which is one of those that we plan to begin, the Government has already committed itself by legislation to the navigation of the Tennessee River, and two-thirds of the cost of that Dam would take the place of a series of small navigation dams. The Government is committed to a series of small navigation dams, with no power possibilities in connection with them. By adding about 50 percent more, we can build one high dam, instead of several small ones, and secure power as well as navigation facilities.

[fol. 2165] Mr. Taber: There is no navigation project in connection with the Cove Creek Dam, is there?

Dr. Morgan: No.

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Mr. Ayres: Dr. Morgan, how many dams are intended to be constructed? Aside from the Wheeler Dam and Norris Dam, what dams does the plan contemplate?

Dr. Morgan: The plan, so far as we have made any estimate of any kind, contemplates four other dams.

Mr. Ayres: How many does that make, all told?

Dr. Morgan: Including the Wilson Dam at Muscle Shoals, the Wheeler Dam, and the Norris Dam, there would be seven.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Mr. Ayres: How many have you under construction at this time?

Dr. Morgan: Two.

Mr. Ayres: Those are the Wheeler and Norris Dams?

Dr. Morgan: Yes, sir.

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Mr. Bacon: Those six new dams you contemplate will cost how much?

Mr. Oliver: There are four new dams.

Dr. Morgan: Six dams include the Norris Dam and the Wheeler Dam.

Mr. Bacon: Yes; including the Norris Dam.

Dr. Morgan: Approximately \$200,000,000 altogether.

Mr. Bacon: In addition to that, you are making an appraisal of the properties of the Wilson Dam available for use.

Dr. Morgan: Yes.

Mr. Bacon: That will amount to what?

Dr. Morgan: I hate to guess.

Mr. Bacon: \$50,000,000?

Dr. Morgan: No; they are not worth that.

[fol. 2166] Mr. Bacon: \$25,000,000?

Dr. Morgan: I would say \$20,000,000 at a guess.

Mr. Bacon: Then, the cost of the total installation will be \$220,000,000.

Dr. Morgan: Yes.

Primary and Secondary Power to be Developed with Seven Dams

Mr. Bacon: How much power do you intend to develop with those seven dams? What will be the total quantity, or the possible output of power?

Dr. Morgan: There we get into the distinction between primary and secondary power. Of primary power, I think we might have three-quarters of a million to a million kilowatts. We are also looking forward to the effort to make the secondary power more valuable.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Mr. Bacon: You say you would have three-quarters of a million of primary power. How much secondary power would you have?

Dr. Morgan: Possibly a million of secondary power.

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Dr. Morgan: Our estimate for the coming year is that we will have income of \$1,250,000 for power, but that we will use about \$375,000 for operation and approximately a half million for the rehabilitation of the plants and extensions, and we will have about \$500,000 surplus over operations.

Mr. Arnold: What becomes of that money?

Dr. Morgan: That will be used for extensions of lines.

Mr. Arnold: It goes into the Treasury, and then you pay it out for extensions and development work?

Dr. Morgan: Yes.

Possibility of Taking Over Private Companies on Completion of Project

Mr. Bacon: On the question of the market for power, do you intend to take power into the big cities, like Birmingham and the other industrial centers of that region?

Dr. Morgan: In purchasing from the Commonwealth & Southern Co., we made an agreement with them that we would not invade their territory for the present, until the Norris Dam is completed. After that, we hope we can make some arrangement for a division of territory.

[fol. 2167] Mr. Thurston: Will you build dams first, or will you make the division before you build the dams?

Dr. Morgan: We are building the dams.

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Mr. Bacon: When you eventually develop three-quarters of a million kilowatts, it would almost seem logical to take over whatever companies are operating there. Will not that project be sufficient for the entire section?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Dr. Morgan: It would seem to me to be reasonable to take over certain ones. I do not think the project will be sufficient for the entire section.

Mr. Bacon: That is what I want.

Dr. Morgan: In our opinion, if we can carry through the program we have, we may cause a temporary disadvantage to the immediate power interests around there—to the companies immediately surrounding us. We are trying to make arrangements with them to purchase their utilities. This project is an effort to set up a governmental development of power, and, if that is adopted, it seems to me a reasonable set-up that it should not be hamstrung and so limited that it is bound to fail.

Mr. Bacon: That is the reason I was asking about costs for power development.

Dr. Morgan: We are trying to set up a unit that will be comparable to a well-managed private unit. It requires an adequate area. During the years Muscle Shoals was under dispute, the private companies surrounded Muscle Shoals with distribution lines; they sterilized it so it would be useless.

Mr. Bacon: You are taking over the distribution lines?

Dr. Morgan: We are trying to take them over. We were in negotiation with the Commonwealth & Southern, and we have come to an agreement; as the other plants come into operation, we ought to take over more. It is my opinion, in the course of years, we may have a preliminary period when we are in the red. I hope we can help to establish a policy for the power industry, and I believe we are going to get power down to a low rate and that the use of it is going to so greatly expand that the utilities will be on a sound basis, will be assured a fair income, but where there is not such an acute controversy as to whether the income is excessive.

Pages 159-60

The Chairman: Do you contemplate buying any hillsides for reforestation that will not be under water?

Dr. Morgan: Yes.

The Chairman: How much?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

[fol. 2168] Dr. Morgan: We have an item for something like 60,000 acres. To indicate the need of it, over in North Carolina there are reservoirs full of mud. We have to protect against that contingency, and we are picking out those areas where the hillsides are washing worst.

The Chairman: Are you buying hillsides not under water for the purpose of protecting reservoirs from filling up with mud or for the purpose of reforestation?

Mr. Morgan: The purchase will serve both purposes.

The Chairman: Are you only buying those hillsides in order to keep the reservoirs from filling up with sediment?

Dr. Morgan: We will buy less than 10 percent of what we would like to buy for that purpose.

The Chairman: You will buy none of the hillsides for reforestation alone?

Dr. Morgan: No; not for reforestation alone.

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Pages 162-3

Dr. Morgan: On the next page you will find other expenses in connection with the power program.

The Chairman: What do you mean by the Commonwealth & Southern contract?

Dr. Morgan: As I said this morning, if this project is to work at all it must have some area to work in. We must in some way acquire an area to work in, either by setting up competing facilities to the present facilities, or by purchasing the facilities of present utilities.

The Chairman: That is, purchase their facilities?

Dr. Morgan: We have purchased those already.

The Chairman: This corporation has authority, has it, to enter into a contract or agreement for the purchase of certain lines in certain territory, without any supervision or approval from any higher authority?

Dr. Morgan: As a matter of fact, we have had the approval of the President in each step.

The Chairman: I mean in regard to the price you give for them.

Dr. Morgan: We have asked the approval of the President in each significant step.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

The Chairman: You have been charged with giving too much for some of the lines. In fact, you have been charged with giving more for some of the lines than you could construct brand-new lines for. You knew that, did you not?

[fol. 2169] Dr. Morgan: I was not aware of that.

Mr. Bacon: In purchasing these transmission lines, you have come to an agreement with the companies, but it is really an agreement under duress, is it not, because if they did not sell to you, you would duplicate their lines?

Dr. Morgan: Yes.

Mr. Bacon: So they were compelled to sell?

Dr. Morgan: Yes—they were not obliged to; they could take the other course.

Mr. Bacon: I understand.

Dr. Morgan: Here we have a project as a whole. This project is for a yardstick for power, taking the set-up here. If there is no place to sell that power it is not a project, but only an idea we have to see this as a whole, or else we cannot achieve it at all.

Mr. Bacon: I understand the necessity for taking over their transmission lines, but they were forced to sell to you because if they did not sell to you you would put power lines in and put them out of business.

Dr. Morgan: We are not going to sell power unless we sell it somewhere.

Mr. Bacon: Naturally, they will make the best deal with you that they can, of course.

Dr. Morgan: I hope they will deal with us. We are carrying on some negotiations where the course is not so smooth.

Mr. Bacon: If you hold a man up with a pistol, if he can get off with half of his possessions, he is going to do it.

Mr. Oliver: It was contemplated at the time the appropriation was made last year, and the hearings so disclose, that that was what the authority intended doing namely, by free and open negotiation endeavor to purchase existing distribution lines, and if they could not be purchased at a fair price, then the authority would consider building lines of its own. That was all gone into in the hearings last year.

Mr. Bacon: I appreciate that.

Dr. Morgan: One utility company, I understand, suggested

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 109 FOR IDENTIFICATION (Excluded)

that we buy their entire property, and we could not do it because we did not have the money.

Within certain limits, if this is going to grow we must have money with which to purchase properties, or else compete.

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[fol. 2170]

Pages 165-6

The Chairman: Let us get back to the bill. You have estimated, as I understand it, that \$130,000,000 will complete the seven dams and carry out the other contemplated improvements in connection therewith, making a total of \$230,000,000. Now, to carry on other improvements connected therewith, that is your estimate?

Dr. Morgan: No; because that would mean taking over or acquiring a very considerable distributing system.

The Chairman: I understood that was included in that.

Dr. Morgan: No.

The Chairman: Then what would it take to complete the seven dams as you now plan the program, and also your distributing system, and anything else connected with the efficient operation of the entire enterprise, as far as those seven dams are concerned?

Dr. Morgan: I cannot tell you here.

The Chairman: Is there no way for us to know what we are going into and how much will be involved?

Dr. Morgan: Let me tell you why I cannot tell you.

We have a contract with the city of Knoxville to furnish power to the city of Knoxville. Suppose the city of Knoxville would acquire its own distributing system and pay for it from time to time itself. Then our money does not go into that at all.

Suppose, on the other hand, the city is not going to organize and operate its own distributing system, just as the power company does now. There is a difference of \$5,000,000 between the two. We do not know which road we can take.

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EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Page 166

The Chairman: What I am trying to get at is an estimate of the total cost of putting in this unit of seven dams, and carrying out your program for the system so far as those seven dams are concerned, putting them in shape for complete operation. I want to know approximately what it will cost to do that.

Dr. Morgan: For the six dams, not counting the Wilson Dam already built, the cost will be about \$200,000,000.

The Chairman: That is just for the dams?

Dr. Morgan: Just for the dams and the power plants. Of that, about one-third, roughly, would be a proper part for navigation and flood control.

Then, as to the transmission and distribution system, if we should have to acquire the distribution systems—and we will not have to acquire them all; we know that, but we do not know what part we would have to acquire—there might be another hundred million dollars to be spent in the course of years to build distribution systems and transmission systems so that this will be an integrated and whole unit.

[fol. 2171] The Chairman: And what else?

Dr. Morgan: So far as power development is concerned, that is the story.

The Chairman: As to power, sale, and distribution, that is the story—\$300,000,000?

Dr. Morgan: Yes. I do not think we will have to acquire all of that, or buy it. The cities would probably acquire their own plants; but if they do not we would have to come to the rescue.

Page 168

Dr. Morgan: We have made no plans for roads, except as necessary in the construction of dams. The cost of the dams would be, I should say, \$200,000,000. That will build the six dams; and unless the localities can acquire facilities that are necessary, another hundred million might be necessary to set this up with plant and facilities comparable to those of our private utilities, and that is the end of expense for that program.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Pages 170-1

The Chairman: I notice you have a tentative breakdown here of the \$50,000,000 you have already had and of the \$48,000,000 you are requesting now.

Dr. Morgan: Yes, sir.

The Chairman: This statement shows about the way you expect the expenses will run this year.

Dr. Morgan: During the coming year, yes, sir.

The Chairman: The first page consists of what you might call the project lump sum, and that project lump sum is further broken down into several projects.

Dr. Morgan: Yes, sir.

The Chairman: You may put that in the record of your testimony on this \$48,000,000, because it is a pretty intelligent showing as to that.

(The statement referred to is as follows:)

[fol. 2172]

Tennessee Valley Authority—Summary of major programs, fiscal years 1934 and 1935

| Programs | Fiscal year 1934 | Fiscal year 1935 |
|---|---------------------|---------------------|
| I. Dam and Power House Construction Program | | |
| Major construction work on Norris and Wheeler Dams, including installation of generating equipment; purchase and clearing of land for the reservoirs; railway, highway, and cemetery relocation. Also preliminary work on the construction of several additional dams needed in the control and utilization of water resources of the Tennessee Valley..... | \$16,310,606 | \$44,501,167 |
| II. Power Program | | |
| To promote the increased use of electricity at lower rates, including construction of transmission lines; purchase of power systems in certain counties of Alabama, Tennessee, and Mississippi; construction of rural electrification lines in those counties; further extension of present system; and research and demonstrations in the electric appliance field.. | 6,678,974 | 18,570,785 |
| III. Fertilizer Program | | |
| To develop and demonstrate new processes for producing fertilizer at low prices, including design and construction of blast and electric furnaces; use of existing plant at Muscle Shoals; development of new methods of marketing and the supervision of practical demonstrations of farm use | 1,964,080 | 3,187,073 |

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 109 FOR IDENTIFICATION (Excluded)

Tennessee Valley Authority—Summary of major programs, fiscal years 1934 and 1935—Continued

| Programs | Fiscal year 1934 | Fiscal year 1935 |
|--|---------------------|---------------------|
| IV. Plans and Demonstrations for the Development of the Tennessee Valley | | |
| Surveys of water resources as a basis for unified control of the Tennessee River and tributaries; soil erosion control; reforestation; the further use of mineral resources; the promotion and coordination of industry and agriculture; surveys and plans for the use of land and the physical development of the Valley; cooperation with local, State and Federal agencies. | \$1,073,786 | \$5,229,488 |
| [fol. 2173] | | |
| V. Supervision and Coordination | | |
| Undistributed expense of board of directors, coordination office, legal financial, and employment services. | 250,000 | 500,000 |
| Total estimated cost. | 26,277,446 | 71,968,513 |
| Less appropriation OX645. | 26,277,446 | 23,722,564 |
| Additional amount required. | | 48,265,959 |
| | | |

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The Chairman: You have a little organization down there in which you and another Mr. Morgan are on the board of directors.

Dr. Morgan: Do you mean the Electric Home and Farm Authority?

The Chairman: Yes; the Electric Home and Farm Authority. Does any of this money go for that?

Dr. Morgan: Not unless it would be a few thousand dollars for lending them an accountant, or something of that sort. I suppose it would be not more than \$10,000 at the outside. The TVA may use the Electric Home and Farm Authority as an agent in building up a market for its power.

[fol. 2174]

Page 179

Mr. Bolton: I mean the development of the waterway: are you developing it to conform to the other inland developments? Will you have some special proposition, or is it the same general plan?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Dr. Morgan: We are following the Army plans; they are approving the plans as we go along.

Mr. Bacon: You stated a while ago that approximately one-third of the cost should be allocated to flood control and navigation.

Dr. Morgan: Yes, sir.

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Dr. Morgan: With cheap power, we hope to develop navigation. It happens that in Ohio we have beds of salt. In the Tennessee region we have chemicals.

Page 181

Dr. Morgan: In the stretch of river above the Aurora Dam, the navigation dams that have been authorized by Congress would cost two-thirds as much as the power dam that would displace them.

Page 184

Mr. Bolton: Do you know how much tonnage is expected on the river?

Dr. Morgan: That will be a matter of growth.

Mr. Bolton: There is no estimate as to the potential tonnage to be developed?

Dr. Morgan: I have none.

Page 185

Cost of Aurora Dam

Mr. Taber: The Aurora Dam; what is the cost of that?

Dr. Morgan: That is 42 millions.

Mr. Taber: And how many acre-feet there?

Dr. Morgan: That is a run of the river plan; that is a down the river plat. It uses the water out as it comes from above, and has very little storage.

Mr. Taber: That is not all storage; it is an operating proposition.

Dr. Morgan: Yes.

[fol. 2175] Mr. Taber: That is, you can get enough revenue out of them so that in 25 years after you begin operations you can pay for them; is that the idea?

Dr. Morgan: I personally believe that we should get enough revenue to pay for them entirely, after a preliminary period of getting the project under way.

Mr. Taber: That means something like \$25,000,000 a year, a little more or less, including the interest and all other charges.

Dr. Morgan: I have not calculated the total income that will be necessary.

Mr. Taber: And what will be your maintenance?

Dr. Morgan: The maintenance would be—well, at Muscle Shoals, for instance, it is about \$250,000 a year.

Mr. Taber: It has always run more than that ever since we have had it. It will run nearer \$500,000, will it not, when you get to it?

Dr. Morgan: They tell me it will be \$250,000.

Mr. Taber: That is what it has been, but you say it has run down, which means you will probably have to pay a little bit more than you have been paying.

Dr. Morgan: Say \$300,000.

Mr. Taber: It will run nearer \$500,000, will it not?

Dr. Morgan: No.

Mr. Taber: How much will the other plants run?

Dr. Morgan: About the same.

Mr. Taber: Seven of them will run about \$300,000 or more?

Dr. Morgan: Yes; say \$2,000,000 a year.

Mr. Taber: Do you think that will do it?

Dr. Morgan: I think so. That will not run the locks for navigation, but the Army has those in charge.

Mr. Taber: Then if you are going to amortize it in 25 years, you will have about \$12,000,000 a year in amortization.

Dr. Morgan: Yes; about that.

Mr. Bolton: That is for the interest charge alone?

Mr. Taber: No; they say it is \$10,000,000 for the interest, at 3 per cent. That would be \$25,000,000 a year.

Dr. Morgan: You do not have your full capital charge during all of the whole time. If you spread that out, you will have that much amortization, less capital.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Total Primary Horsepower

(See p. 186)

Mr. Taber: You will have 750,000 primary horsepower?

Dr. Morgan: From 750,000 to a million, depending on what you call primary.

Mr. Taber: Say it is a million. That means getting \$25 per kilowatt per year.

Total Cost Charged to Power

Dr. Morgan: You have charged the whole thing to power, have you not, and none of it to navigation?

[fol. 2176] Mr. Taber: How much height is there in that?

Dr. Morgan: Either 40 or 50 feet. That is undetermined.

Mr. Taber: Depending on the height of low water?

Dr. Morgan: There is the Pickwick Landing Dam above. If we make it 50, we cut off ahead of the Pickwick Landing Dam; we get more flow below.

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Market for Power to be Developed

Mr. Taber: Have you a market there now for this quantity of power, or is that a development proposition?

Dr. Morgan: That must be a development.

Mr. Taber: You have power enough now there to take care of the present demands? I mean, in that territory there is power enough to take care of the demands?

Dr. Morgan. Yes.

Pages 187-8

Size of Territory to be Served

Mr. Taber: How many square miles are there in the territory that naturally would be served by this entire project?

Dr. Morgan: The law says we shall distribute power within reasonable transmission distance. That would take in possibly 350,000 square miles.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

Distance Power Can be Transmitted Economically

The Chairman: How far can the wires carry power economically?

Dr. Morgan: It is entirely feasible within 250 miles; then 300 miles is possible, and greater distances are in the offing. It is entirely feasible within 250 miles.

Pages 192-3-4

Revenues and Cost of Operation and Maintenance

Mr. Taber: How much revenue do you expect to get out of this power?

Dr. Morgan: I said we would try to furnish you that. It is my personal opinion that in general such investments as these plants should be amortized in 25 years.

[fol. 2177]

Page 193

Mr. Taber: That is, you can get enough revenue out of them so that in 25 years after you begin operations you can pay for them; is that the idea?

Dr. Morgan: I personally believe that we should get enough revenue to pay for them entirely after a preliminary period of getting the project underway.

Mr. Taber: That means something like \$25,000,000 a year, a little more or less, including the interest and all other charges.

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Dr. Morgan: They tell me it will be \$250,000.

Mr. Taber: That is what it has been, but you say it has run down, which means you will probably have to pay a little bit more than you have been paying.

Dr. Morgan: Say \$300,000.

Mr. Taber: It will run nearer \$500,000, will it not?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 109 FOR IDENTIFICATION (Excluded)

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Dr. Morgan: About the same.

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Dr. Morgan: Yes; say \$2,000,000 a year.

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Dr. Morgan: Yes, about that.

Mr. Bolton: That is for the interest charge alone?

Mr. Taber: No; they say it is \$10,000,000 for the interest, at 3 per cent. That would be \$25,000,000 a year.

Dr. Morgan: You do not have your full capital charge during all of the whole time. If you spread that out, you will have that much amortization, less capital.

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Dr. Morgan: From 750,000 to a million, depending on what you call primary.

Mr. Taber: Say it is a million. That means getting \$25 per kilowatt per year.

Total Cost Charged to Power

Dr. Morgan: You have charged the whole thing to power, have you not, and none of it to navigation?

Page 194

Mr. Taber: That is correct.

[fol. 2178] Dr. Morgan: You cut that down to about two-thirds.

Mr. Taber: Do you think you can do that?

Dr. Morgan: Can do what?

Mr. Taber: Cut down a third for navigation?

Dr. Morgan: I think navigation and flood control should cut it one-third; we should charge two-thirds of it to power.

[fol. 2179] COMPLAINANTS' EXHIBIT No. 109

Official "Extracts from Hearings Before the Subcommittee of House Committee on Appropriations, 73rd Congress, 2nd Session"

(Original Exhibit)

[fol. 2180] COMPLAINANTS' EXHIBIT No. 110

Statement With Reference to the Relevancy, Materiality and Competency of the Minutes of the TVA Described in Paragraph 1 of the Subpoena Duces Tecum

1. Minutes of the Board of Directors containing references to Authority's actions with respect to the generation, transmission, distribution or sale of electric energy under the following dates:

June 17, 1933:

These minutes are of a meeting held the day following, or the continuation of the organization meeting of the TVA, and will show the initial plans of the Board of Directors and that, among other things, there were considered questions relating to the generation, transmission, distribution and sale of electric energy.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

June 26, 1933:

These minutes will show that the TVA Directors decided that no employee should make any statements respecting future policies or activities before such policies or activities had been brought before the Board and action taken, and that the Board directed counsel to request the Federal Power Commission not to grant further licenses in the Tennessee River Basin and authorized counsel to file appearances and take appropriate action to oppose the granting of such further licenses.

COMPLAINANTS' EXHIBIT No. 110

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts; (XVIII, p. 60 et. seq., XXII, p. 70) and that the defendants are proposing to proceed with the ultimate development of all the power sites in the Tennessee River Basin which, when generating facilities are installed, will ultimately produce 25,000,000 Kw-Hr. of energy annually. (XIV, pp. 44-45, XV, pp. 45-46.)

[fol. 2181] July 11, 1933:

These minutes will show that the Directors considered a proposed agreement with privately owned utilities and the entering into wholesale power contracts with the Cities of Florence, Tusculumbia and Sheffield, Alabama, using these Cities as a proving ground and entering wedge.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts; (XVIII p. 60 et seq., XXII p. 70) and that the defendants' program contemplates the acquisition of the entire market for electricity in the Tennessee River Basin. (XV, p. 45, et seq.)

July 30, 1933:

These minutes will show that the directors discussed policies concerning the power project and considered proposals concerning the size of the initial area in which the Authority might buy up the private power company properties to market its power and considered the possible condemnation of all power sites located by the Army Engineers in the Tennessee Basin in order that the Tennessee Valley Authority would have control of future power development in the area and considered the building of the transmission line from Wilson Dam to Cove Creek Dam.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in.

COMPLAINANTS' EXHIBIT No. 110

operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts; (XVIII, p. 60 et seq. XXII p. 70) and that the defendants' program contemplates the acquisition of the entire market for electricity in the Tennessee River Basin; (XV, p. 45, et seq.) and the ultimate development of all power sites in said Basin. (XV, p. 45 et seq.)

August 5, 1933:

These minutes will show that the Board decided that all publicity should issue through the Publicity Department and that special publicity dealing with particular phases of the work should have the approval of the Director concerned before it was released.

These minutes will tend to prove the allegations of the Bill that the defendants have been carrying on a campaign of propaganda and solicitation for the purpose of disrupting the good relationships between the complainants and their customers in order that defendants might be enabled thereby to acquire complainants' properties and seize the entire market in the area. (XVII — 24, p. 55.)

August 10, 1933:

These minutes will show that the TVA Directors separated their duties and that one of the Directors to wit, [fol. 2182] David E. Lilienthal, was placed in charge of the Power Program and projects of the Authority.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts; (XVIII p. 60 et seq., XXII p. 70) and that a campaign of publicity and solicitation was carried on to disrupt the relations of privately owned utilities with their customers for the purpose of enabling defendants to acquire their properties or seize the entire market for electricity in the area. (XVIII — 24.)

August 25, 1933:

These minutes will show that the Board of Directors adopted a power policy which described the initial and ulti-

COMPLAINANTS' EXHIBIT No. 110

mate market area to be acquired or seized by the Authority.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts; (XVIII p. 60, et seq. XXII p. 70) and that defendants have been and are now conducting a campaign of propaganda and solicitation for the purpose of disrupting the established business relations between complainants and their customers, destroying good will and seizing complainants' markets. (XVII (24) p. 55, et seq.)

September 13—September 14, 1933:

These minutes will show that the Board of Directors adopted rates for the sale at wholesale and retail of electric energy.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that the rates announced were for the purpose of accomplishing regulation of the privately owned utilities by competition; (XX p. 65 et seq.) that the rates had no relationship to cost of production and were designed to foster public ownership and particularly public distribution of electric power. (XV p. 48.)

September 18, 1933:

These minutes will show that the Board of Directors of TVA discussed the building of Wheeler Dam and considered that it must not ruin its power market by making available at once extraordinary large amounts of power.

[fol. 2183] These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate or secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that the dams are constructed primarily for the purpose of produc-

COMPLAINANTS' EXHIBIT No. 110

ing electric energy and in execution of the power program of the Authority (XVII (3) p. 50.)

September 21, 1933:

These minutes will show that the Board of TVA approved a statement of policy with respect to the construction of Wheeler Dam and determined that the Board approved the construction of Wheeler Dam only upon the condition that it be built with Public Works money and not with TVA money, and that carrying charges and construction costs should not be charged to the TVA until the demand for power justified the construction for that purpose.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

September 29, 1933:

These minutes will show that the Board of TVA considered an application by a committee from Hamilton County, Tennessee, relative to the construction of Chickamauga Dam and resolved that if such dam was built with funds other than those of TVA there would be no power operation unless and until TVA agreed or unless the operation was done directly by the TVA.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

October 13, 1933:

These minutes will show that the Board of TVA Directors considered the basis for negotiation with privately owned utilities and objected to any agreement limiting the territory in which the Authority might market electricity; considered whether or not the TVA power program would provide a "yardstick" for the power industry and con-

COMPLAINANTS' EXHIBIT No. 110

sidered the necessity of increasing the per customer power consumption and the marketing of electrical appliances.

[fol. 2184] These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts: (XVIII, p. 60 et seq., XXII, p. 70); that defendants propose and threaten to acquire the entire market for electricity in the area and are constructing or contemplating the construction of rural lines in the States of Mississippi, Tennessee and Alabama (XVII-19, p. 54); and that defendants propose to regulate complainants' rates by federally subsidized competition. (XX p. 65 et seq.)

October 14, 1933:

These minutes will show that the TVA Directors were ordered to proceed with the construction of Wheeler Dam by the President with TVA's own funds and that the President undertook to have Congress reimburse the corporation at the next session.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

October 16, 1933:

These minutes will show that the Board considered a memorandum entitled "Basic Provisions For Contracts Between The Authority and Municipalities For Power" by which the Authority by contract was to regulate the rates of the resale of the power by municipalities and the manner in which the city should dispose of revenues from the operation of its municipal electric system and the provisions as to accounting; that the Authority resolved to enter into contracts to supply power to Alabama towns and others located along the Tupelo transmission line as had or would construct suitable power transmission facilities at rates in

COMPLAINANTS' EXHIBIT No. 110

accordance with the wholesale rate schedule for Tupelo transmitted power.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that these defendants are inducing and inciting the residents of this area to cooperate with defendants in their scheme to develop a great federally owned and operated electric power utility [fol. 2185] (XVII-24, p. 56); that the defendants' program contemplates the acquisition of the entire market for electricity in the Tennessee River Basin (XV, p. 45, et seq.)

October 24, 1933:

These minutes will show TVA's efforts to regulate privately owned utilities by the "yardstick" principle and that it was attempting to acquire a market for electric energy; that there was an excess power capacity in the area and that TVA proposed to increase the sale of electric appliances to increase the consumption of electric energy in its market area.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that defendants have attempted to purchase or promote the purchase of retail distribution systems in the area and are attempting to coerce and compel complainants to sell their facilities to defendants (XVII-22-25); that defendants are seeking to enter into contracts with the municipalities for the sale of power. (XVII-23, p. 55.)

October 30, 1933:

These minutes will show the actions of the Board of TVA in acquiring markets by purchasing facilities from private companies and to increase per customer consumption of electricity through the sale of electric appliances.

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These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

November 9, 1933:

These minutes will show that the TVA Board was actively [fol. 2186] attempting to acquire an area within which it could market its electricity and increase the per customer consumption of electric energy through sale of electric appliances; that defendants cooperated and acted in concert with Harold L. Ickes to acquire the Knoxville distribution area as a potential market.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts, (XVIII, p. 60 et seq., XXII, p. 70); that the defendants have been and are now conspiring and confederating with Harold L. Ickes to carry on a campaign to coerce complainants to sell their distribution systems and other properties to TVA (XIX, p. 62, 63).

November 27, 1933:

These minutes will show that the Board of TVA was attempting to acquire an area for its power operations and to make an arrangement with privately owned utilities which would be comparable to the relations which might exist between two such companies as a means of cutting down its power construction budget and investment through the elimination of costly transmission lines.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

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December 16, 1933:

These minutes will show that the Board of Directors approved a project for the construction of rural electric transmission lines in six counties in Mississippi and Alabama. That the distribution over such lines may be in charge of a cooperative association to be set up by the industrial and agricultural section of TVA.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendant is to engage in, operate and carry on a proprietary electric utility business; [fol. 2187] that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that defendants are conducting and supervising the business of transmitting and distributing electrical energy as a proprietary business, without reference to state laws respecting such business. (XXIII pp. 70-71); that defendants constructed and are contemplating the construction of rural lines in the states of Mississippi, Alabama and Tennessee. (XVII (19) p. 54.)

January 19, 1934:

These minutes will show that the Board considered establishing complete control and jurisdiction over all power sites in the Tennessee Valley, so that the power resources of the Valley could be developed in a systematic and efficient manner.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII p. 70); that defendants contemplate the ultimate development of all of the power sites in the Tennessee River Basin. (XV p. 45 et seq.)

March 17, 1934:

These minutes will show that the Board of Directors employed or contributed to the wages of George Munger who

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was acting as the sales manager of Electric Home and Farm Authority, Inc.

These minutes will tend to prove the allegations of the Bill, that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII p. 60 et seq., XXII p. 70); that defendants are conducting and supervising the business of transmitting and distributing electric energy as a proprietary business without reference to state laws respecting such business. (XXIII, pp. 70-71.)

March 30, 1934:

These minutes will show that the Board of Directors approved a project for the development of the Tennessee Valley which recited, among other things, that the Authority was embarking upon a hydro-electric program which will completely change the physical structure of large sections of the valley, and will affect every part of it.

[fol. 2188] These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70)

April 13, 1934:

These minutes will show the approval by the Directors of a project entitled "Marketing of power produced by the Tennessee Valley Authority", and related to the employment of an advertising agency to lay plans for the marketing of power, assisting municipal customers to increase their consumption, and to assist in reducing the distribution cost of appliances in municipalities that distributed TVA power.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that defendants are

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conducting and supervising the business of transmitting and distributing electric energy as a proprietary business without reference to state laws respecting such business. (XXIII pp. 70-71.)

May 20, 1934:

These minutes will show that the Board of TVA opposed the granting of a license for the construction of a dam at Aurora on the Tennessee River to private utility interests, for the reason, among others, that the operation of the other dams constructed by the Authority on the river would probably more than double the ultimate value of the power possibilities at Aurora.

These minutes tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60, et seq., XXII, p. 70.)

June 30, 1934:

These minutes will show that the Board of TVA determined to purchase from privately owned utilities electrical distribution properties in northern Alabama and operate the same until it became advisable to sell the distribution systems to the various cities in that territory.

These minutes will tend to prove the allegations of the bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

[fol. 2189] July 17, 1934:

These minutes will show that the Board of TVA approved David E. Lilienthal's acceptance of the President's invitation to serve on the National Power Policy Committee, whose function it will be to work out a plan to unify the power resources of the country and to develop a national policy designed to make an abundant supply of power available to the consumer at reasonable rates.

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These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts (XVIII, p. 60 et seq., XXII, p. 70); that TVA, PWA and other Federal agencies are cooperating in carrying out a national power policy (XII, p. 32); that defendants by competition are accomplishing the regulation of rates of the privately owned utilities. (XX, p. 65 et seq.)

July 27, 1934:

These minutes will show that the Board of TVA contemplated the ultimate development of the entire territory when and as its power supply was sufficiently increased; that the Board approved a contract for the purchase of power from Carolina Power & Light Company to be supplied to the City of Knoxville, Tennessee, for distribution.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts; (XVIII, p. 60 et seq., XXII, p. 70); that defendants are seeking to enter into contracts with municipalities for the sale of power. (XVII (23), p. 55.)

August 7, 1934:

That the minutes will show the consideration of the budget for the Authority's operations for the fiscal year ending June 30, 1935, and items entitled "Sales Promotion EHFA" and "Sales Promotion Chattanooga Merchants Display".

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 50 et seq., XXII, p. 70.)

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[fol. 2190] September 18, 1934:

These minutes will show that a representative of the Board was conferring with representatives of the City of Memphis with regard to supplying the City with power.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

October 9, 1934:

These minutes will show that the Board definitely refused to comply with the orders of State Public Utilities Commissions with respect to the generation, transmission or sale of electric energy with said States.

These minutes will tend to prove the allegations of the bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts; (XVIII, p. 60 et seq., XXII, p. 70) that defendants are conducting and supervising the business of transmitting and distributing electric energy as a proprietary business without reference to State laws respecting such business. (XXIII, pp. 70-71.)

November 21, 1934:

These minutes will show the Board of Directors were opposing the development by privately owned utility interests of any of the hydro electric sites in the Tennessee River Basin.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

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September 24, 1935:

These minutes will show that the Board of Directors authorized the construction of a transmission loop to serve eight West Tennessee towns.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts; (XVIII, p. 60 et seq., XXII, p. 70) that defendants have attempted to purchase or promote the purchase of retail distribution systems in the area and are attempting to coerce and compel complainants to sell their facilities to defendants. (XVII, (22) and (25).)

November 20, 1935:

These minutes will show that the Board of Directors approved contracts with cities purchasing TVA power and was considering the construction of the Guntersville dam.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

November 27, 1935:

These minutes will show that the Board of Directors authorized the construction of the Guntersville dam.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

January 2, 1936:

These minutes will show that the Board of Directors authorized the construction of Chickamauga dam.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage

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in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

January 11, 1936:

These minutes will show the approval of the Board of Directors of contracts with customers, or steps taken to expand their electric transmission system.

These minutes will tend to prove the allegations of the [fol. 2192] Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary, and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

February 20, 1936:

These minutes will show the approval by the Board of Directors of contracts with four cities for the purchase of electric power.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

August 11, 1936:

These minutes will show the consideration by the Board of Directors of a power pooling arrangement with privately owned utilities.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

September 5, 1936:

These minutes will show the consideration by the Board of Directors of the power pooling arrangement and the negotiation or approval of contracts for the sale of power.

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These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

September 21, 1936:

These minutes will show that the Board of Directors was negotiating a contract with the City of Chattanooga.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

January 6, 1937:

These minutes will show that the Board of Directors [fol. 2193] approved a reorganization of their administrative department and considered contracts with power customers.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

March 2, 1937:

These minutes will show the approval by the Board of Directors of contracts with power customers.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

June 16, 1937:

These minutes will show approval of the Chattanooga contract and a reorganization of administrative depart-

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ments to more actively carry out the power policies of the Authority.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

August 23, 1937:

These minutes will show that the Board of Directors approved a contract with industrial customers for the sale of electric energy.

These minutes will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

September 14, 1937:

These minutes will show the assignment of the TVA contract with Volunteer Portland Cement Company to the City of Knoxville.

These minutes will tend to prove the allegations of the [fol. 2194] Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

The minutes described in the subpoena by subject matter in addition to those of the foregoing dates will tend to prove the allegations of the Bill that the primary activity of defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70.)

By the brief descriptions of the documents in this statement we have described merely enough to enable the Court to identify the documents described in the subpoena. The

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references to the Bill herein contained are not intended to be exclusive.

Trabue, Hume & Armistead, Frantz, McConnell & Seymour, Baker, Hostetler, Sidlo & Patterson.

STATE OF TENNESSEE,

County of Hamilton:

S. D. L. Jackson, Jr., being first duly sworn, says that he has read the foregoing statement: that he has either personally examined parts of the minutes hereinabove described, or in the preparation of this case has obtained information as to the substance and existence of such minutes, and believes the same are in the possession of defendants and that the descriptions thereof contained in the foregoing statement are substantially true and correct: that the meetings described were held on or about each of the dates mentioned: that said minutes contain evidence material and relevant to the issues in this cause.

S. D. L. Jackson, Jr.

Sworn to before me and subscribed in my presence
this 18th day of November, 1937. W. A. Broyles,
Notary Public. (Seal.)

[fol. 2195] COMPLAINANTS' EXHIBIT No. 111

Statement With Reference to the Relevancy and Competency of Documents and Papers Described in Paragraphs 3 to 16, Both Inclusive, of Subpoena Duces Tecum.

2. We understand that copies of all contracts described in paragraph 2 of the subpoena duces tecum have been furnished except in one or two instances.
3. TVA—Yonng & Rubicam contracts.

These contracts will show that TVA employed Young & Rubicam, Inc., as advertising agents at a fee of some \$100,000.00 to assist TVA in obtaining customers for electricity generated by it by a campaign of publicity featuring TVA

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Electricity For All," to assist TVA in its efforts in increasing the present customer consumption of electric energy generated by TVA through the purchase of electric appliances, and to aid TVA power development in its territory.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business: that the other purposes of Defendants are subordinate and secondary, and are in fact non-existent or merely pretexts (XVIII, p. 60 et seq., XXII, p. 70): that the Defendants have been and are now conducting a campaign of propaganda and solicitation for the purpose of disrupting the established business relations between Complainants and their customers, destroying good will and seizing Complainants' markets. (XVII (24) p. 55, et seq.)

4. Forms of documents re: "Neighborhood Plan."

These documents, supplied and widely circularized by Defendants, are used in the solicitation of prospective customers and include an agreement on the part of such customers to consume a specified number of KWH per month and to purchase sufficient electric appliances to insure that amount of energy consumption.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business: that the other purposes of Defendants are subordinate and secondary, and are in fact non-existent or merely pretexts (XVIII, p. 60, et seq., XXII, p. 70): that these Defendants are inducing and inciting the residents of this area to cooperate with Defendants in their scheme to develop a great Federally-owned and operated electric power utility (XVII (24), p. 56): and that the Defendants are constructing rural lines or contemplating construction of rural lines in the territories of Complainants in the States of Mississippi, Tennessee and Alabama (XVII (19), p. 54). They prove a specific step in the execution of the statutory plan to establish a Federal electric utility—a step which carries a threat of unlimited expansion of such Federal utility.

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5. Forms of bulletins or instructions from Defendants respecting policies or operations of municipal or cooperative systems.

These documents which were and are being sent or delivered by Defendants to those engaged in the operation of [fol. 2196] municipal or cooperative distribution systems that distribute electric energy purchased from TVA under contract or otherwise, will show the practice, and the degree and extent to which said practice has been and is being followed, whereby Defendants direct the means and methods of carrying on the business of such municipal and cooperative distribution systems.

These documents will tend to prove the allegations of the Bill that the primary activity of the Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary, and are in fact non-existent or merely pretexts (XVIII, p. 60, et seq., XXII, p. 70); that Defendants are conducting and supervising the business of transmitting and distributing electric energy as a proprietary business without reference to State laws respecting the rules, regulations and rates of such business. (XXIII, pp. 70-71, XV, p. 48.) This system by which TVA dictates the rates at which electricity may be resold places TVA in the business of retailing electric energy.

6. Minutes or reports of meetings held by TVA with managers of municipal or cooperative distribution systems.

These documents will show the practice, and the degree and extent to which the said practice has been and is being followed, whereby Defendants or their representatives direct the conduct of the business of municipal and cooperative distribution systems that distribute electric energy purchased from TVA.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary, and are in fact non-existent or merely pretext (XVIII, p. 60, et seq., XXII, p. 70); and that Defendants are conducting and supervising the business of transmit-

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ting and distributing electric energy as a proprietary business without reference to State laws respecting the rules, regulations and rates of such business. (XXIII, pp. 70-71.)

7. Correspondence between TVA and others relating to power.

(a) Questionnaire—"Questions for Power Users".

This document, sent by Defendants to towns, cities or civic organizations within transmission distance of Wilson, Wheeler or Norris Dams in the summer of 1933, contained questions concerning the source of supply and possible consumption of electric energy in the several localities.

This document will tend to prove the allegations of the Bill that the primary activity of Defendants was to engage in, operate and carry on a proprietary electric utility business that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts (XVIII, p. 60 et seq., XXII, p. 70); that Defendants have attempted to purchase or promote the purchase of retail distribution systems in the area and are attempting to coerce and compel Complainants to sell their facilities to Defendants (XVII (22) (25) pp. 55, 57); that Defendants are seeking to enter into contracts with municipalities for the sale of power (XVII (23), p. 55); and that industrial customers of some of the Complainants have been solicited to purchase TVA power. (XVII (30), p. 59.)

[fol. 2197] (b) Letter, August 7, 1933, from U. S. Senator Black to TVA.

Letter, August 24, 1933, from TVA to U. S. Senator Black.

Letter, September 8, 1933, from U. S. Senator Black to TVA.

Telegram, September 22, 1933, from U. S. Senators Black and Bankhead to TVA.

These letters will show the efforts of the United States Senators from Alabama to have the TVA proceed immediately with the construction of Wheeler Dam primarily as an unemployment relief measure. They also show, in connection with other material documents, that the Board of Directors of TVA were unwilling to proceed with the con-

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struction of Wheeler Dam until such time as the market for power was sufficiently developed so that the power to be produced at Wheeler Dam when constructed would find a ready market.

These documents will tend to prove the allegations of the Bill that the primary activity of the Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70).

(c) Protest dated August 23, 1933, from TVA to Federal Power Commission.

Letter, May 21, 1934, from TVA to Federal Power Commission.

These documents will show that the TVA undertook to exclude private interests from developing any of the power sites in the Tennessee River Basin by filing protests with the Federal Power Commission objecting to the granting of a license to Southern Industries & Utilities, Inc., for the construction of a dam at or near Aurora upon the Tennessee River for the reasons that the construction and operation of such dam by private interests would interfere with the TVA power program, and that the dams the TVA was constructing would so increase the prime power possibilities at Aurora dam that its value for power would be greatly enhanced.

These documents tend to prove the allegations of the Bill that the primary activity of Defendant is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendant are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70).

(d) Letter, October 16, 1933, from Berry to TVA.
Letter, October 16-November 2, 1933, from TVA to FWA Administrator Ickes.

Telegram December 4, 1933, from Glenn to TVA.

Letter, December 7, 1933, from TVA to Glenn.

Letter, January 4, 1934, from TVA to Glenn.

Telegram, January 4, 1934, from TVA to Sheffield and Tuscumbia.

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Letter, March 6, 1934, from Glenn to TVA.

[fol. 2198] Letter, March 8, 1934, from Glenn to TVA.

Telegram, March 10, 1934, from TVA to Glenn.

Letter, March 11, 1934, from Glenn to TVA.

Letters or telegrams, March 13, 1934, from TVA to PWA or Administrator Ickes.

Letter, March 19, 1934, from TVA to Glenn.

Letter, March 22, 1934, from TVA to PWA or Ickes.

Telegram, June 19, 1934, from Farr to TVA.

Telegram, June 20, 1934, from TVA to Farr.

Telegram, June 21, 1934, from Glenn to TVA.

Telegram, June 27, 1934, from Carmichael to TVA.

Telegram, July 10, 1934, from TVA to Glenn.

Letter, October 5, 1934, from PWA to TVA.

Letter, November 17, 1934, from PWA to TVA and reply.

Letter, December 21, 1934, from PWA to TVA and reply.

Letter, August 13, 1937, from TVA to Dempster.

Letter, August 27, 1937, from TVA to Tennessee FWA Administrator.

Letter, September 4, 1937, from TVA to City Manager of Knoxville.

All letters, etc., between TVA and PWA relating to the applications of several named cities.

All letters, etc., between TVA and PWA relating to negotiations to purchase facilities to complainant companies.

All of these letters are communications between TVA and PWA, or TVA and the officials or representatives of cities that had applied for loans and grants from PWA for municipal distribution systems. They will show the efforts of TVA to obtain such loans and grants for such cities in order that such cities might purchase electric energy from TVA and in order that TVA might force the private utilities serving such cities to sell their property therein to the city or to

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TVA at an arbitrary price to avoid duplication of distribution facilities of such companies.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendant is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendant are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et-seq., XXII, p. 70); that the Defendants have been and are now conspiring and confederating with Harold W. Ickes to carry on a campaign to coerce Complainants to sell their distribution systems and other property to TVA (XIX, p. 62, 63); that TVA, PWA and other Federal [fol. 2199] Agencies are cooperating in carrying out a National Power Policy (XII, p. 32); that Defendants have unlawfully conspired with PWA, its officers and agents to take unlawfully Complainants' business (XI, p. 31); and that the PWA loans and grants are among the factors which cause the TVA yardstick for measuring distribution costs to be unfair and confiscatory. (XX, (3) and (5) on p. 68.)

(e) Letter or letters, March 27, 1934, from TVA to the President or Federal Trade Commission.

In this letter Defendants requested an investigation of the Tennessee Public Service Company to be made by the Federal Trade Commission so as to assist TVA in its negotiations with that company in which TVA was seeking to compel the Tennessee Public Service Company to sell its properties in Knoxville, Tennessee, to the City of Knoxville or to TVA at a price arbitrarily fixed by Defendants in order that Defendants might engage in the business of supplying electric energy for distribution in the City of Knoxville.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and are in fact non-existent or merely pretexts (XVIII, p. 60 et seq., XXII, p. 70); and that Defendants have purchased and attempted to purchase retail distribution systems in various cities (XVII (22), p. 54).

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- (f) Letter, May 20, 1934, from Lilienthal to Ramsey.
Circular letter, September 21, 1936, from TVA.
Letter, April 7, 1937, from TVA to Wingo.
Letter, November 21, 1935, from TVA to Lenoir City.
Letter, February 21, 1936, from TVA to dealers.
Letter, July 20, 1936, from TVA to Hutchinson.
Copy of all forms of letters, etc., prepared by TVA and sent to county agents.

These letters will show some of the efforts of Defendants to promote and build up a great public interest in Defendants' program of selling electricity and stimulating the demand therefor in the area within transmission distance from the TVA dams, and thus to build up Defendants' business as a public utility.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts (XVIII, p. 60 et seq., XXII, p. 70); that Defendants are conducting a campaign of propaganda to disrupt Complainants' systems and are attempting to coerce Complainants to sell their properties (XVII (24) (25), pp. 55-57); that Defendants are constructing rural lines or contemplating construction of rural lines in the States of Mississippi, Tennessee and Alabama (XVII (19), p. 54); and that Defendants are [fol. 2200] inducing and inciting the residents of this area to cooperate with Defendants in their scheme to develop a great Federally-owned and operated electric power utility. (XVII (24), p. 56.)

- (g) Letter dated on or before October 15, 1934, from TVA to Mayor Overton of Memphis.

In this letter TVA indicated its willingness to purchase the steam plant of Memphis Power & Light Company at Memphis, Tennessee, so as to use the same for stand-by purposes in the event Memphis executed a contract to purchase its electricity from TVA.

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This document tends to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts (XVIII, p. 60 et seq., XXII, p. 70); and that Defendants have attempted to promote the purchase of the retail distribution system in Memphis (XVII (22), p. 54.)

- (h) Telegram from TVA, January 1-15, 1935, to the Governor of Alabama.

This telegram will show that TVA advised the Governor of Alabama of the terms and provisions of the statute which the TVA desired the Alabama Legislature to pass relieving TVA from the regulation of the State Utilities Commission or providing for the organization of cooperative associations.

This document tends to prove that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that Defendants have caused bills to forward their power program to be submitted to state legislatures and have lobbied for such bills. (XVII, 26.)

- (i) Letter, June 30, 1937, from TVA to John N. Garner, President of the United States Senate.

This letter will show that TVA advised Vice President Garner that the TVA did not submit to Congress (within the time provided by Statute) the allocations of the value of Wilson Dam between power, navigation, flood control or national defense.

This action constitutes a specific instance where Defendants are violating the statute under which they claim to be acting, and the figures withheld would tend to prove the allegations of the Bill that the TVA yardstick for wholesale rates is unfair and confiscatory. (XX, p. 66, Section (1).)

- (j) Letters, etc., between TVA or David Lilienthal and National Power Policy Committee.

These documents will show that Mr. Lilienthal served as a member of the National Power Policy Committee, begin-

COMPLAINANTS' EXHIBIT No. 111

ning in July 1934, and as such has participated in its activities and actions.

[fol. 2201] These documents tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts (XVIII, p. 60 et seq., XXII, p. 70); that TVA is one of several agencies furthering a National Power Policy of the Federal Government (XII, p. 32); and that TVA has been engaged in carrying out a power policy of its own, which is in furtherance of the National Power Policy in the TVA area (XIII, p. 34, et seq.) and has co-operated with Harold L. Ickes to accomplish a campaign to coerce and intimidate the Complainants to sell their distribution and transmission systems. (XIX, P. 62 et seq.)

(k) Letters, etc., between TVA and Rural Electrification Administration

These documents will show that Rural Electrification Administration is cooperating with the Defendants for the construction of rural lines by loaning money to cooperatives to repay TVA for lines which it builds for the purpose of distributing TVA power.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary, and are in fact non-existent or merely pretexts (XVIII, p. 60, et seq., XXII, p. 70); that Defendants are constructing rural lines or contemplating the construction of rural lines in the territory of Complainants in the States of Mississippi, Tennessee and Alabama (XVII (19), p. 54); and that TVA and REA are cooperating to accomplish the National Power Policy (XII, p. 32.)

8 and 9.

With respect to these items we have been furnished within the last day or two certain maps and tabulations

EXCERPTS FROM COMMISSIONER'S EXHIBIT No. 113 FOR IDENTIFICATION (Excluded)

should be a matter for the serious consideration of the Board in framing and executing its power program. But it is not the determining factor. The most important considerations are the furthering of the public interest in making power available at the lowest rate consistent with sound financial policy, and the accomplishment of the social objectives which low-cost power makes possible. The Authority cannot decline to take action solely upon the ground that to do so would injure a privately owned utility.

7. To provide a workable and economic basis of operations, the Authority plans initially to serve certain definite regions and to develop its program in those areas before going outside.

8. The initial areas selected by the Authority may be roughly described as (a) the region immediately proximate to the route of the transmission line soon to be constructed by the Authority between Muscle Shoals and the site of Norris Dam; (b) the region in proximity to Muscle Shoals, including northern Alabama and northeastern Mississippi; and (c) the region in the proximity of Norris Dam (the new source of power to be constructed by the Authority on the Clinch River in northeast Tennessee).

At a later stage in the development it is contemplated to include, roughly, the drainage area of the Tennessee River in Kentucky, Alabama, Georgia, and North Carolina, and [fol. 2213] that part of Tennessee which lies east of the west margin of the Tennessee drainage area.

To make the area a workable one and a fair measure of public ownership, it should include several cities of substantial size (such as Chattanooga and Knoxville) and, ultimately, at least one city of more than a quarter million, within transmission distance, such as Birmingham, Memphis, Atlanta, or Louisville.

While it is the Authority's present intention to develop its power program in the above-described territory before considering going outside, the Authority may go outside the area if there are substantial changes in general conditions, facts, or governmental policy, which would necessarily require a change in this policy of regional development, or if the privately owned utilities in the area do not cooperate in the working out of the program.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 113 FOR IDENTIFICATION (Excluded)

Nothing in the procedure here adopted is to be construed in any sense a commitment against extending the Authority's power operations outside the area selected, if the above conditions or the public interest require. Where special considerations exist, justifying the Authority's going outside this initial area, the Authority will receive and consider applications based on such special considerations. Among such special considerations would be unreasonably high rates for service and a failure or absence of public regulation to protect the public interest.

9. Every effort will be made by the Authority to avoid the construction of duplicate physical facilities, or wasteful competitive practices. Accordingly, where existing lines of privately owned utilities are required to accomplish the Authority's objectives, as outlined above, a genuine effort will be made to purchase such facilities from the private utilities on an equitable basis.

10. Accounting should show detail of costs, and permit a comparison of operations with privately owned plants, to supply a "yardstick" and an incentive to both private and public managers.

11. The accounts and records of the Authority as they pertain to power will always be open to inspection by the public.

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• • • Wholesale power rates were announced in September 1933, after careful careful study of the available market and the probable costs of generating and transmitting electric power. Approved retail rates were announced at the same time after a similar careful study of the cost of distributing power.

[fol. 2214]

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Requests for information were being received in large numbers even before the formal organization of the Authority on June 16, 1933. Numerous press releases were prepared to meet these urgent demands, and this service has been continued in connection with announcements by the Authority. Regular news organizations are given such ac-

COMPLAINANTS' EXHIBIT No. 111

with respect to such maps which have not yet been checked but which may possibly supply the information requested by these two paragraphs of the subpoena. At the present time Complainants are not urging these two paragraphs, but expect that a satisfactory stipulation will be entered into.

10. Surveys made by TVA of Complainants' Customers.

These documents will show that surveys of Complainants' customers have been conducted at the instance of TVA to ascertain the customer power consumption of these customers of Complainants in areas where the TVA lines are now constructed or may readily be constructed.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts (XVIII, p. 60 et seq., XXII, p. 70); that large industrial customers of some of the Complainants have been solicited to purchase TVA electric energy (XVII (30), p. 59); and that pursuant to the Act, Defendants have promulgated a plan unlawfully to disrupt the good relations existing between Complainants and their respective [fol. 2202] customers. (XI, p. 31.)

11. Records showing number of employees in Department of Electricity and headquarters of each.

These records will show that Defendants have a widespread organization of employees in their Department of Electricity of more than 1045 people, located in areas where Defendants now maintain lines, where Defendants propose to construct lines and in areas served by Complainants where Defendants at this time have no lines.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); and that Defendants have established offices and installed per-

COMPLAINANTS' EXHIBIT No. 111

sonnel throughout the area to disseminate propaganda even where TVA is not yet doing business. (XVII, 27.)

12. Records showing payments to States of Alabama and Tennessee.

These records will show the only payments that TVA makes to any State, Federal or local subdivision of government under the TVA Act. (16 U. S. C. Sec. 831-1.)

These documents will tend to prove the allegations of the Bill that Defendants are relieved of all Federal income and excise taxes and all State property, income and other taxes. (XX (4) p. 67, (2) P. 68), and that the TVA wholesale yardstick is thus unfair and confiscatory.

13. Books and records of TVA showing amounts expended in promotional and advertising expenses.

These records will show the sums Defendants have expended to advertise and promote their electricity program.

These documents will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); and that Defendants have conducted and are still conducting a studied, systematic campaign of propaganda for the purpose of disrupting the relations between Complainants and their customers. (XVII (24), p. 56.)

14. News dispatch about September 7, 1937, containing summary of generation and gross revenue for last fiscal year.

This news item contained approximate figures obtained from TVA showing 789,000,000 kilowatt hours generated and gross revenues of \$1,650,000 for the fiscal year ending June 30, 1937.

This document will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage [fol. 2203] in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact, non-existent or

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merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that TVA is disposing of its electric energy below cost and at rates that are non-compensatory and confiscatory and are made possible only through the subsidization of its operations. (XX, p. 65 et seq.)

15. Records showing payment to Walter E. Meyer and purchase of magazine article.

These records will show that TVA had Mr. Meyer on its payroll while the article in question was written and purchased 50,000 copies of it for widespread public distribution.

This document will tend to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); that TVA is engaged in the execution of a National Power Policy (XII, pp. 31, 32) which, among other things, is designed to promote and bring about public ownership; and that Defendants have been and are now conducting a campaign of propaganda and solicitation for the purpose of disrupting the established business relations between Complainants and their customers, destroying good will and seizing Complainants' markets. (XVII (24), p. 55 et seq.)

16. Copy of speech by D. E. Lilienthal, on or about November 17, 1933, at Knoxville.

This document contains the remarks delivered by Mr. Lilienthal at Knoxville just before the municipal election which was held November 25, 1933. It will appear from said document that Mr. Lilienthal said that the dams that the TVA were building were power dams and were being built for the purpose of producing electric energy.

This document tends to prove the allegations of the Bill that the primary activity of Defendants is to engage in, operate and carry on a proprietary electric utility business; that the other purposes of Defendants are subordinate and secondary and are in fact non-existent or merely pretexts. (XVIII, p. 60 et seq., XXII, p. 70); and that

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Defendants have carried on a campaign of propaganda designed to disrupt Complainants' business relations and to acquire Complainants' markets for themselves. (XVII (24), p. 55 et seq.)

By the brief descriptions of the documents in this statement we have described merely enough to enable the court to identify the documents described in the subpoena. The references to the Bill herein contained are not intended to be exclusive.

Trabue, Hume & Armistead, Frantz, McConnell & Seymour, Baker, Hostetler, Sidlo & Patterson,
Solicitors for Complainants.

[fol. 2204] STATE OF TENNESSEE,
County of Hamilton, ss:

S. D. L. Jackson, Jr., being first duly sworn, says that he has read the foregoing statement; that he has either personally examined copies of a number of the documents described in the subpoena, or, in the preparation of this case, has obtained information as to the existence and substance of such documents from the examination of other documents or from published statements, reports or statements of individuals with respect thereto and believes that such documents are in the possession of Defendants and that the descriptions thereof contained in the foregoing statement are substantially correct, and affiant believes that said documents are material and relevant to the issues in this cause.

S. D. L. Jackson, Jr.

Subscribed and sworn to before me this 18th day of November, 1937. W. A. Broyles, Notary Public. (Seal.)

[fol. 2205] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 112
FOR IDENTIFICATION, BEING "EXTRACT FROM HEARINGS BE-
FORE THE SUB-COMMITTEE OF THE COMMITTEE ON APPRO-
PRIATIONS, U. S. SENATE, 73RD CONGRESS, 2ND SESSION (Ex-
cluded)

Pages 262-3

Senator Dickinson: Well now, in connection with these dams, the entire purpose is the production of electrical energy?

Dr. Morgan: That is the major purpose. The purpose of the Tennessee Valley Authority Act, of which these dams are a part, is to try to encourage and organize an orderly economic and social development in that region in place of the past haphazard development. With reference to the Tennessee River in particular, if we can develop the power on the Tennessee River by a unified and integrated program, we can, I think, develop power at not over half the rate that it would cost by a series of unrelated dams.

Senator Dickinson: Now, under the law, you are obligated to charge for your power, for your energy, the cost of production. What do you take into account in making out your cost of production?

Dr. Morgan: We take into account the costs of operating these power plants, and their maintenance; the cost of the interest on the investment; of amortization of the investment; and of depreciation and of taxes.

There may be some minor items that I have not included.

Senator Dickinson: Then, according to your theory, it is your expectation that you will be able to pay back into the Treasury the capital investment that the Government is now making in this project.

Dr. Morgan: Yes.

Senator Dickinson: And that is going to be done out of the sale of electrical energy?

Dr. Morgan: Yes.

Senator Dickinson: And, where are you going to sell this electrical energy?

Dr. Morgan: The law says within transmission distance from the power plants.

Senator Dickinson: And what is the transmission distance?

EXCEPTS FROM COMPLAINANTS' EXHIBIT No. 112 FOR
IDENTIFICATION (Excluded)

Dr. Morgan: About 250 miles is reasonable transmission distance.

Senator Dickinson: That is, a sector with 250 miles as a diameter?

Senator Adams: As a radius, I gather.

Dr. Morgan: As a radius.

Senator Dickinson: As a radius?

Dr. Morgan: Yes.

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Senator Dickinson: Well now, with the completion of these additional dams that we have already discussed here, how fast will you increase the capacity for production of electrical energy down there?

[fol. 2206] Dr. Morgan: We will have considerable increase in production of prime power, as soon as the Norris Dam is completed. We will actually decrease the production of secondary power. We will give a more even flow to the river. We can produce 105,000 kilowatts of prime power at Wilson Dam by supplementing hydroelectric power during the low-water periods of the year with the steam standby plant at nitrate plant no. 2. With the completion of Norris Dam our prime power output will be approximately doubled.

Pages 266-7

Senator Dickinson: Well, now, when you extend your sale into these various localities, what do you do with competing organizations that are already in these various localities?

Dr. Morgan: So far we have purchased the plants of those utilities.

Senator Hale: Your rates are below their rates, always; are they?

Dr. Morgan: Yes.

Senator McKellar: May I ask, while my friend is hesitating just a minute, is it not true that the private companies have greatly reduced their rates throughout this region since the putting in of the Tennessee Valley Authority rates?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 112 FOR
IDENTIFICATION (Excluded)

Dr. Morgan: Since the Tennessee Valley Authority adopted its rates, the other major companies around there have reduced their rates very substantially.

Senator Dickinson: Now, is that universal, or just in a limited number of cases?

Dr. Morgan: It is true, I think, in the Tennessee Electric Power Co., Alabama Power Co., Georgia Power Co., the Mississippi Power Co., the Tennessee Public Service Co., which is under the Electric Bond & Share ownership, toward the east end of our district. We are negotiating with the latter for the purchase of their entire system there.

Senator McKellar: If I recall aright, all of them have reduced their rates in the whole Tennessee Valley, the States of Tennessee and Mississippi; in Georgia, and Alabama.

Dr. Morgan: I think that just recently the Tennessee Utilities Commission ordered a decrease which included the eastern part also.

Senator Dickinson: You mean by that that the Tennessee Utilities Commission has been derelict in its duty in permitting the charge of excess rates down there in previous years?

Dr. Morgan: I have no opinion to express on the work of the utilities commission.

Senator McKellar. But, you do know that since you started operating down there that these rates have gone down 30 percent, to the benefit of all the people.

[fol. 2207] Dr. Morgan: Yes; and we believe that the rates we are charging are abundant to pay all costs—depreciation, amortization, taxes, and maintenance, and service.

Senator Hale: And, if there are other private companies, then they have to go out of business.

Senator McKellar: Dr. Morgan says that they are endeavoring to buy all of them.

Dr. Morgan: We are negotiating to purchase the private companies. If I may make a short statement.

Senator Dickinson: Yes.

Dr. Morgan: The establishment of the power policy of the Tennessee Valley Authority, which is, by the way, only one item in its program—it has other functions besides power—is an effort, to use the President's language, to

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 112 FOR
IDENTIFICATION (Excluded)

establish a yardstick whereby there could be a case of public ownership to develop what reasonable costs of power may be. In order for that to actually happen, it must have an area in which to sell power. You cannot sell power theoretically. You have to sell it somewhere. That means that these power plants must have some area in which they can actually sell power. If this is to be a fair comparison it means that the area must be adequate; it must be such an area as a well-equipped, well-proportioned utility should have.

To give a power plant no territory in which to sell that power would be just one way of killing it. If there is to be a fair comparison as between a public-operated project and a private-operated project, it must have the qualities of a well-proportioned power development.

Now, in order to get that it must purchase properties that are already there, because all of the time that Muscle Shoals was in contest here, the private companies were surrounding that property with transmission lines, so that when the Government did adopt the policy of selling power, that territory was already fully occupied by the private utilities who had occupied it during the time of this controversy. So, as soon as the Government adopts the policy it finds the territory already occupied. We must acquire the territory. It is the policy of the Tennessee Valley Authority not to enter into destructive competition, if possible.

We have approached the power companies and have tried to enter into agreements with them, in which we would purchase some of their plants, so that this policy of the Government may find expression in the only way in which it can find expression; that is, by occupying certain territory.

So, we have occupied no territory except after agreement and purchase from the private companies, and we hope that will continue in the future.

Senator Dickinson: What will be your policy in case you find you cannot acquire their properties?

[fol. 2208] Dr. Morgan: Well, for instance, we are undertaking now to acquire a certain property. We find that just a few years ago a private utility company added 40

**EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 112 FOR
IDENTIFICATION (Excluded)**

percent to its capitalization without adding anything to its properties. Now, we are refusing to buy that water. We are offering to pay the full value of the real investment; but we are refusing to pay a 40-percent inflation of the capital assets.

Now, if we can buy that at a fair capitalization we will. If not, the municipality to which we sell power may have to go in and compete; but we—

Senator Dickinson (interposing). That is, you will construct a competing utility, install a competing plant there?

Dr. Morgan: Yes; if we cannot purchase at what the property is actually worth, the communities we serve may be forced to compete.

Senator Dickinson: What do you do with reference to the high lines to carry the electricity?

Dr. Morgan: We are offering to purchase those, too.

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Senator Dickinson: In other words, as I understand it now, you are setting up in a municipality, a municipal co-operative organization for the purpose of buying from you electric current and distributing it among the patrons of that locality.

Dr. Morgan: We are cooperating with an association of citizens.

Senator Dickinson: And in that cooperative organization, what influence do you have on rates?

Dr. Morgan: We make a contract with them in which we prescribe the maximum rates that they may charge.

Senator Dickinson: And that is as to the consumer.

Dr. Morgan: That is as to the consumer.

Page 270

Senator Dickinson: Well, in your testimony before the House committee, did you not suggest that your development would expand where it would include 300,000 or 325,000 square miles?

Dr. Morgan: I beg your pardon. They asked how much area would be in transmission distance of it and I said about 300,000 square miles.

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EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 112 FOR
IDENTIFICATION (Excluded)

Senator Hale: But you might at any time reach out and sell your power a good distance away from the home plant?

Dr. Morgan: Yes.

[fol. 2209]

Pages 275-6

Dr. Morgan: Now, in that case, it is our business, as I see it, to try to make a study as to how a well balanced economy can exist in that region.

We just now have a project up with a company making carbide. It must have cheap power. It needs cheap coal and the fact that we have cheap power there is the reason for it coming there to use coal. Coal is a chemical to it and not only fuel, and the fact of our being there with cheap power is bringing a new use of coal into that region. It is our business to see how we can best balance that economy so that a benefit in one line is not balanced by a loss in another. That is a part of reasonable planning, to see how benefits can come without suffering losses.

Pages 280-1

Senator McKellar: Well, while we are waiting on Senator Dickinson, Doctor, is there anything that you desire to say to the committee on your own account?

Dr. Morgan: I do not think so. We are endeavoring to carry out the purposes and policies of the Tennessee Valley Authority Act in spirit and in letter so far as the legislative program is concerned, which has been discussed here. We are trying to carry that out in the only way that is feasible; that is, in having a unit that is of such size and such proportion that it can be representative of a well-organized power unit, and these things we are doing are necessary to bring that about.

I would say also that so far as the development of the water power of the Tennessee River is concerned, that a single power plant on the Tennessee River, such as Muscle Shoals, is not even economically feasible. Muscle Shoals, taken by itself, is not an economically feasible unit. If it can be united with others so that reservoir projects can supply it with water in low season, we can make it at least three times as effective per dollar invested as it is today;

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 112 FOR
IDENTIFICATION (Excluded)

and the same way with Norris Dam. Taken alone it is not a good investment, but taken in connection with its effects upon the other plants downstream, it becomes a very good investment.

If we can carry out this project as a whole we can produce electric current at not over half what it would cost at a single plant here and there.

Senator McKellar: As I understood your view, in the early part of your testimony you said while there were 45,000 kilowatts produced at Wilson Dam, not including the stand-by plant, that by reason of the building of the Cove Creek or Norris Dam, that there would be over three times as much, or about 150,000 kilowatts.

Dr. Morgan: Yes.

Senator McKellar: Which has a tremendous effect on the cost of current, I imagine.

[fol. 2210] Dr. Morgan: It does. As I say, Muscle Shoals taken alone, is an expensive, inefficient thing. With the project taken as a whole, we can produce the cheapest electric power in America, I believe. That is due to the fact that the Government can coordinate these things, and make them into one unit.

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Senator Dickinson: And, if it takes \$300,000,000 to put in or make this experiment on behalf of the citizens involved here, might I inquire if you would state what you would think it would take from the public treasury and the taxpayers of the United States to help the people in the rest of the United States under a similar program?

Dr. Morgan: Most of that \$300,000,000 is for power development, and will be gradually repaid out of revenues. I think it will cost the taxpayers of America altogether less than it is now costing in the rest of the United States. For instance, in Knoxville, the people now are paying a certain rate for electric power. We believe that we can cut that rate decidedly and yet that the people can pay for their entire installation in 10 years out of the rest. That is, the rates they are paying now are so excessive, the taxes they are paying, in the form of electric rates now are so excessive that we can cut that 30 percent and yet out of the rest of it that they can pay the whole thing back in 10 years.

[fol. 2211] **COMPLAINANTS' EXHIBIT No. 112**

Official "Extract from Hearings Before the Subcommittee of the Committee on Appropriations, United States Senate, 73rd Congress, 2nd Session"

(Original Exhibit)

[fol. 2212] **EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 113 FOR IDENTIFICATION, BEING "ANNUAL REPORT OF THE TENNESSEE VALLEY AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 1934" (Excluded)**

Pages 22-3-4

Power Policy

The formulation of a power policy was the first step in carrying out the power program required by the act. The following policy was announced on August 25, 1933:

1. The business of generating and distributing electric power is a public business.
2. Private and public interests in the business of power are of a different kind and quality and should not be confused.
3. The interest of the public in the widest possible use of power is superior to any private interest. Where the private interest and this public interest conflict, the public interest must prevail.
4. Where there is a conflict between public interest and private interest in power which can be reconciled without injury to the public interest, such reconciliation should be made.
5. The right of a community to own and operate its own electric plant is undeniable. This is one of the measures which the people may properly take to protect themselves against unreasonable rates. Such a course of action may take the form of acquiring the existing plant or setting up a competing plant, as circumstances may dictate.
6. The fact that action by the Authority may have an adverse economic effect upon a privately owned utility

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 113 FOR IDENTIFICATION (Excluded)

cess to Authority news as they desire. Many send special writers and others request the Authority to prepare articles and information for their special use.

Several hundred requests for detailed information continue to reach the Authority each week. All are answered by individual letters; no material is sent to private individuals except upon request.

The major projects of the Authority are natural attractions for tourists and other visitors. As of June 30, more than a thousand visitors daily were registering at Wilson Dam at Muscle Shoals and at the sites where Norris and Wheeler Dams are under construction. Trained guides have been employed to insure the safety of visitors and to provide accurate information.

[fol. 2215] **COMPLAINANTS' EXHIBIT No. 113**

Annual Report of the Tennessee Valley Authority for the Fiscal Year Ending June 30, 1934

(Original Exhibit)

[fol. 2216] **EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 114 FOR IDENTIFICATION, BEING "HEARING BEFORE THE SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS, 74TH CONGRESS, 1ST SESSION" (Excluded)**

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Dr. Arthur E. Morgan: We expect to complete the Wheeler and Norris Dams during the coming year. That will leave the Pickwick among those now begun but not yet finished this year.

The Chairman: Will they produce the principal parts of your electrical energy?

Dr. Arthur E. Morgan: Yes.

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The Chairman: I am speaking now of stopping your expenditure of money on all but 3 or 4 big projects, and if you get those projects completed they will be revenue-producing projects.

Dr. Arthur E. Morgan: Yes.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 114 FOR IDENTIFICATION (Excluded)

The Chairman: Then after that, with the revenues you get you could make other improvements as the revenue increased, with perhaps a small appropriation by Congress.

Dr. Arthur E. Morgan: I think the revenues for considerable time probably will be necessary to provide facilities.

The Chairman: Facilities for what?

Dr. Arthur E. Morgan: For distribution and transmission.

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Mr. Arnold: How far can you economically transmit electric current, Doctor?

Dr. Arthur E. Morgan: You can transmit it about 250 miles. But that is not the whole story.

For instance, in the case of a national emergency it could be sent 200 miles to take the place of current that would be sent another 200 miles. We could make current available in Cleveland out of the Tennessee Valley by sending it as far north as possible, and then having that transferred further north.

Mr. Arnold: You mean by having a booster station?

Dr. Arthur E. Morgan: It would not need a booster station. You would transmit it from any center. They send current in all directions.

The Chairman: You have a current center?

Dr. Arthur E. Morgan: You have a current center, yes. Say Columbus, Ohio: Instead of sending current 100 miles south, we send it all to the north. That from the south would come up to meet it. You could by that kind of substitution get clear up to Cleveland or Detroit.

[fol. 2217]

Page 534-5

The Chairman: What are you going to do with this \$4,415,000 for transmission lines and substations?

Mr. Lilienthal: My attention has been called to the fact that that figure, which was just revised last night, is incorrect. In the revision the total at the bottom of the column for 1936 is correct, but the figure \$4,415,000 should be \$3,495,000, because an item of \$920,000 was taken out, which could reasonably be deferred until some future year.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 114 FOR IDENTIFICATION (Excluded)

Taking that figure \$3,495,000 in lieu of the recorded figure of \$4,415,000, the analysis is something of this kind: Two large items make up most of the total. One is an item of \$1,100,000 for transmission lines to the site of construction activities.

The Chairman: From where?

Mr. Lilienthal: From Hiwassee Dam to the site of Gunter'sville Dam and Chickamauga Dam.

Page 535

Mr. Lilienthal: * * * The other large item, about 3½ million dollars, is for the construction of a transmission line connecting the present transmission line at Pickwick Dam in Alabama, near Tennessee, into a group of 20 counties in west Tennessee which have been petitioning for a source of supply for rural electrification, which they do not now have. * * *

Page 536

Mr. Lilienthal: Then there is a projected line and substation totaling \$185,000 from the Wheeler Dam, connecting the Wheeler Dam to Decatur and down to Cullman, which is in northern Alabama. Cullman, Ala., has a municipally owned plant, an old steam plant, quite expensive to operate, and the demand has about exceeded the capacity. The county is a reasonably prosperous county and needs rural electrification. That item represents a line to a market at Cullman, Ala., principally.

Then there are a number of small items—a substation at Decatur, Ala., which the engineers require as a part of this big interconnecting line; a substation at Corinth, Miss., \$70,000, which is required by reason of the greatly increased load there, plus a change in the source of supply for Mississippi.

That makes up the total of 3½ million dollars.

Page 538

Rural Lines for Temporary Operation in Alabama, Mississippi, and Tennessee

The Chairman: We have here an item for rural lines for temporary operation, which I do not understand.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 114 FOR IDENTIFICATION (Excluded)

[fol. 2218] There is an estimate of \$215,000 for Alabama, \$420,000 for Mississippi, and \$905,000 for Tennessee; a total of \$1,540,000. Explain that, please.

Mr. Lilienthal: In the States of Alabama and Mississippi we now own property engaged in the serving, primarily, of farmers.

The Chairman: You own property? You mean you own farms?

Mr. Lilienthal: No; we own farm lines and lines serving very small villages. A considerable number of those farms did not have service prior to this time. The policy of the board has been to operate directly, to serve consumers directly only for a temporary period, then to turn the lines over to cooperative organizations, chiefly county associations, or municipalities, with a security arrangement on the property and the revenues. The TVA then sells power to these public agencies at wholesale. That is the permanent policy.

The Chairman: The Authority owns rural lines?

Mr. Lilienthal: The Authority does own some rural lines; yes, sir.

Page 596

Amount of Horsepower to be Developed by Norris, Wilson, and Wheeler Dams by 1937

Mr. Bacon: How much developed horsepower will you have by 1937 in all your properties?

Mr. Lilienthal: An installed capacity of 424,000 horsepower.

Mr. Bacon: Only 424,000 horsepower?

Mr. Lilienthal: With the Wheeler, Wilson, and Norris Dams.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 114 FOR IDENTIFICATION (Excluded)

Page 605

Comparative rates for residential service—Tennessee Valley region

Bills as of Jan. 1, 1935

| Name of community Company serving | 25 kilowatt-hours | | 100 kilowatt-hours | |
|---|-----------------------------------|--|-----------------------------------|--|
| | Revenue per kilo- watt-hour | Percent saving under Tennessee Valley Authority rate | Revenue per kilo- watt-hour | Percent saving under Tennessee Valley Authority rate |
| | Cents | Percent | Cents | Percent |
| Asheville, N. C. (Carolina Power & Light Co.) | 7.52 | 60.1 | 4.25 | 41.2 |
| Atlanta, Ga. | 6.48 | 53.7 | 4.57 | 45.3 |
| (Georgia Power Co.) objective. | 5.80 | 48.3 | 3.95 | 36.7 |
| Birmingham, Ala. (Birmingham Electric Co.) | 6.20 | 51.6 | 4.05 | 38.3 |
| Chattanooga, Tenn. | 6.52 | 54.0 | 4.58 | 45.4 |
| (Tennessee Electric Power Co.) objective | 5.80 | 48.3 | 3.95 | 36.7 |
| Knoxville, Tenn. | 6.52 | 54.0 | 4.58 | 45.4 |
| (Tennessee Public Service Co.) objective | 5.80 | 48.3 | 3.95 | 36.7 |
| Memphis, Tenn. (Memphis Power & Light Co.) | 5.52 | 45.7 | 4.25 | 41.2 |
| Montgomery, Ala. | 6.20 | 51.6 | 4.05 | 38.3 |
| (Alabama Power Co.) objective | 5.80 | 48.3 | 3.95 | 36.7 |
| Nashville, Tenn. | 6.52 | 54.0 | 4.58 | 45.4 |
| (Tennessee Electric Power Co.) objective | 5.80 | 48.3 | 3.95 | 36.7 |
| Tennessee Valley Authority | 3.00 | .... | 2.50 | .... |
| | | | | |
| 250 kilowatt-hours | | 500 kilowatt-hours | | |
| Asheville, N. C. (Carolina Power & Light Co.) | 2.90 | 31.0 | 2.20 | 37.3 |
| Atlanta, Ga. | 3.33 | 39.9 | 2.06 | 33.0 |
| (Georgia Power Co.) objective. | 2.63 | 24.0 | 1.71 | 19.3 |
| Birmingham, Ala. (Birmingham Electric Co.) | 3.12 | 35.9 | 2.51 | 45.0 |
| Chattanooga, Tenn. | 3.33 | 39.9 | 2.37 | 41.8 |
| (Tennessee Electric Power Co.) objective | 2.63 | 24.0 | 1.94 | 28.9 |
| Knoxville, Tenn. | 3.33 | 39.9 | 2.42 | 43.0 |
| (Tennessee Public Service Co.) objective | 2.63 | 24.0 | 1.94 | 28.9 |
| Memphis, Tenn. (Memphis Power & Light Co.) | 3.50 | 42.9 | 3.25 | 57.5 |
| Montgomery, Ala. | 3.04 | 34.2 | 2.27 | 39.2 |
| (Alabama Power Co.) objective | 2.63 | 24.0 | 1.94 | 28.9 |
| Nashville, Tenn. | 3.33 | 39.9 | 2.37 | 41.8 |
| (Tennessee Electric Power Co.) objective | 2.63 | 24.0 | 1.94 | 28.9 |
| Tennessee Valley Authority | 2.00 | .... | 1.38 | .... |

Source.—Data from Federal Power Commission, electric rate survey preliminary report, rate series no. 1.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 114 FOR IDENTIFICATION (Excluded)

[fol. 2219]

Pages 615-6

Power Development, Norris Dam

Mr. Taber: How much power are you expecting to develop at Norris Dam?

Dr. Arthur E. Morgan: This is primarily a storage dam. It will have 100,000 installed horsepower, but we may use all that in 3 months of the year. That will be used whenever there is a shortage of power because of low water down the river.

Mr. Taber: That is, you will not let the water out there except when there is a demand for water in the other dams; is that it?

Dr. Arthur E. Morgan: Yes, sir; and then we will make power as we let it through, and it will make power again as it goes to the dams.

Mr. Taber: The Norris Dam will be tight while there is plenty of water below?

Dr. Arthur E. Morgan: Yes, sir; except that we will let out somewhat less than 10 percent of the normal flow to keep the river at an average flow.

Mr. Taber: Will that be used for power?

Dr. Arthur E. Morgan: Yes; it will be used for power to correct voltage on the transmission line.

Mr. Taber; But that will not amount to a large power consumption?

Dr. Arthur E. Morgan: No.

Mr. Taber: Then your power development at Norris is not anything that can be used commercially except to take care of a special demand or something of that kind?

Dr. Arthur E. Morgan: Oh, it can be used commercially. It is the most valuable power in the whole system, because we will have to connect a transmission line from Wilson to Norris, so that we can use the power anywhere along that line. But whether it comes from Wilson or whether it comes from Norris, or both, will depend upon whether the rivers are high or whether they are low. During high water it will

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 114 FOR IDENTIFICATION (Ecluded)

all come from the main river below; during low water it will come from Norris Dam, and that same water makes power below.

Page 617

Power Development, Wheeler Dam

Mr. Taber: How much power is the Wheeler Dam supposed to produce?

Dr. Arthur E. Morgan: We are installing 35,000 kilowatts.

Mr. Taber: And is that what you regard as the prime capacity of it?

Dr. Arthur E. Morgan: No, sir.

Mr. Taber: Or is that just a temporary installation?

Dr. Arthur E. Morgan: That is the initial installation.

Mr. Taber: How much do you figure that that will carry, as the minimum?

Dr. Arthur E. Morgan: One hundred and ninety-two thousand kilowatts installation.

[fol. 2220]

Page 635

New Dams to be Started in 1936

Mr. Bacon: I want to clear up one thing that is in doubt in my mind.

Which new dams are you going to begin in the fiscal year 1936 out of the money that is proposed to be appropriated in this act?

The Chairman: If any.

Dr. Arthur E. Morgan: The Hiwassee Dam.

Mr. Bacon: And Guntersville?

Dr. Arthur E. Morgan: We might begin the Guntersville Dam.

Mr. Bacon: Any others?

Dr. Arthur E. Morgan: Guntersville or Chickamauga.

Mr. Bacon: You might begin either Guntersville or Chickamauga?

Dr. Arthur E. Morgan: Yes, sir.

Mr. Bacon: And Hiwassee certain.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 114 FOR IDENTIFICATION (Excluded)

Dr. Arthur E. Morgan: Yes, sir. We need an upper river dam to supply water at low stages.

Mr. Bacon: As between Guntersville and Chickamauga, you do not know which you would build?

Dr. Arthur E. Morgan: No, sir. As to Aurora, we have not decided between them.

Mr. Bacon: Of the three, Aurora, Guntersville, and Chickamauga, you will begin only one.

Dr. Arthur E. Morgan: That is my judgment, but possibly two.

[fol. 2221] COMPLAINANTS' EXHIBIT No. 114

Hearing Before the Subcommittee of House Committee on Appropriations, Second Deficiency Appropriation Bill for 1935, 74th Congress, 1st Session.

(Original Exhibit)

[fol. 2222] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 115 FOR IDENTIFICATION, BEING PART OF "HEARING BEFORE THE SUB-COMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS, 74TH CONGRESS, 2ND SESSION" (Excluded).

Pages 113-4

Estimate Requested for 1937

The Chairman. We have before us an estimate of \$43,000,000 for the Tennessee Valley Authority for the next fiscal year. This estimate appears on page 83 of the 1937 Budget for Regular Public Works requirements of the Government.

I notice on page 1 of your justification you refer to what you call a summary. I suppose those figures you have set down in the summary are correct?

Dr. A. E. Morgan. Substantially so.

The Chairman. Then we will insert in the record the last paragraph on page 1 of your justification, down to the middle of page 2.

Dr. A. E. Morgan. Yes, sir.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 115 FOR
IDENTIFICATION (Excluded)

(The statement referred to is as follows:)

The summary statement at the beginning of section B of this report shows for 1937 estimated receipts of \$3,271,350, estimated expenditures on an obligation basis of \$47,489,166, leaving \$44,217,816 to be financed out of appropriations. Balances to be reappropriated are estimated to be \$1,217,816, leaving a net of \$43,000,000 to be financed out of a new appropriation. This appropriation contemplates a lower rate of expenditure than during the present fiscal year, for in addition to the \$36,000,000 in new funds appropriated for 1936, about \$24,000,000 was reappropriated from unexpended balances, against an estimated \$1,217,816 reappropriated for 1937. The request for \$43,000,000 has been reviewed and approved by the Bureau of the Budget. The estimates included herein have been revised to show more accurately TVA financial requirements than those included in the printed budget for 1937.

Total financing from June 16, 1933, when the TVA was organized, to June 30, 1937, will require total appropriations of \$154,000,000, of which \$111,000,000 has been made available either by allocation or by direct appropriation. The difference of \$43,000,000 in these two items is the estimate of the appropriation now being requested.

Pages 114-5

Mr. Taylor. How many more dams do you think you can build?

Dr. A. E. Morgan. The River and Harbor Act of 1930 together with the TVA Act committed Congress to a navigable channel from Knoxville to the mouth of the river. The higher dams there are, the fewer there are.

[fol. 2223] In addition to those that have been authorized it will require three more dams on the Tennessee River to complete that navigable channel from Knoxville to the mouth. We have not asked to start any larger number of dams than approved last year. We have here a schedule indicating the rate at which these dams would have to be built, just on the basis of good engineering progress. That does not include the beginning in the coming fiscal year of the Watts Bar, the Coulter Shoals, or the Gilbertsville dams.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 115 FOR
IDENTIFICATION (Excluded)

We already have approval for one tributary dam, but we do not ask for another one.

Mr. Taber: What does the white line on this chart indicate?

Dr. A. E. Morgan: That is the preliminary work, such as building access roads on the dam site, getting ready for the actual construction of the dam. The black line shows the actual construction of the dam.

Mr. Taber: And the length of the line means the length of time, and has nothing to do with the dollars and cents that are spent on it; is that right?

Dr. A. E. Morgan: The longer ones usually indicate the bigger job. It just represents the length of time.

Pages 121-2

The Chairman: Take the dams that either have been built or have been started, first, to which the Government is absolutely committed then we will come to the others afterward.

Dr. A. E. Morgan: On the main river the highest dam is the Chickamauga Dam, above Chaftanooga.

The Chairman: Started when?

Dr. A. E. Morgan: This past year, in the present fiscal year.

Next below that is the Guntersville Dam, near the north line of Alabama, at Guntersville, Ala. That was started during the past year.

The next below that is the Wheeler Dam, which is just about finished. That will be finished in the present fiscal year, except for the installation of the power equipment.

The one below that is the Wilson Dam, and then 2 miles below that is what is called lock and dam no. 1, a small structure, which raises the water 14 feet.

The Chairman: That is already in?

Dr. A. E. Morgan: That was built before the T. V. A. was organized. Fifty miles below Wilson Dam is the Pickwick Landing Dam. That was begun in the fiscal year before the present one. Those are the dams that are now under construction or completed.

[fol. 2224] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 115 FOR IDENTIFICATION (Excluded)

Page 123

Tennessee Valley Authority—Tabulation of principal features of dam projects

| Tennessee Valley Authority—Tabulation of principal features of dam projects | | | | | | | | | | Estimated cost |
|---|------------------------------------|-----------------------------|-------------------------------------|------------------------------------|---|--|---|---|------------------------------------|--|
| Projects Main river projects, existing or under construction: | Miles from mouth of river | Length of dam Feet | Nor- mal lock lift Feet | Length of reservoir Miles | Normal area of reservoir Acres | Total vol- ume of reservoir Acro-feet | Initial power in- stallation Kilowatts | Ultimate power in- stallation provided for Kilowatts | Estimated cost initial stage | channel improve- ment below locks and in pools |
| | | | | | | | | | | |
| Pickwick..... | 206.7 | 7,715 | 56 | 52.7 | 41,600 | 1,032,000 | 68,000 | 204,000 | \$31,331,475 | \$1,200,000 |
| Wilson..... | 259.4 | 4,860 | 92 | 15.5 | 14,500 | 500,000 | 184,000 | 445,000 | 46,950,748 | 500,000 |
| Wheeler..... | 274.9 | 6,335 | 50 | 74.1 | 66,000 | 1,260,000 | 64,000 | 256,000 | 33,586,423 | 100,000 |
| Guntersville..... | 349.0 | 4,070 | 39 | 82.1 | 63,300 | 951,000 | ..... | 82,000 | 28,300,000 | 1,200,000 |
| Hales Bar..... | 431.1 | 2,500 | 35 | 40.0 | 6,500 | 100,000 | ..... | ..... | ..... | ..... |
| Chickamauga..... | 471.0 | 5,800 | 48 | 58.9 | 32,600 | 706,000 | ..... | 160,000 | 31,650,000 | 4,000,000 |
| Total..... | ..... | ..... | ..... | ..... | ..... | 4,548,000 | 316,000 | 1,147,000 | 171,816,646 | 7,000,000 |
| Main river projects, proposed: | | | | | | | | | | |
| Gilbertville..... | 22.5 | 8,300 | 55 | 184.2 | 143,000 | 4,650,000 | ..... | 256,000 | * 74,000,000 | ..... |
| Watts Bar..... | 529.9 | 2,900 | 63 | 73.6 | 42,800 | 1,188,000 | ..... | 150,000 | 30,400,000 | 600,000 |
| Coulter Shoals..... | 603.5 | 2,100 | 65 | 53.4 | 12,900 | 328,000 | ..... | 54,000 | 19,250,000 | 750,000 |
| Total..... | ..... | ..... | ..... | ..... | ..... | 6,166,000 | ..... | 480,000 | 123,650,000 | 1,350,000 |
| Tributary projects, under con- struction: Norris..... | | | | | | | | | | |
| ..... | ..... | 1,872 | 194 | 72.0 | 34,200 | 3,400,000 | 100,000 | 100,000 | * 36,025,230 | ..... |
| Tributary projects, proposed: | | | | | | | | | | |
| Fowler Bend..... | ..... | 1,265 | 254 | 22.0 | 6,300 | 480,000 | ..... | 80,000 | 15,250,000 | ..... |
| Fontana..... | ..... | 1,750 | 413 | 25.0 | 9,200 | 1,500,000 | ..... | 180,000 | 32,500,000 | ..... |
| Total..... | ..... | ..... | ..... | ..... | ..... | 1,980,000 | ..... | 260,000 | 47,750,000 | ..... |
| Grand total..... | | | | | | | | | | |
| ..... | ..... | ..... | ..... | ..... | ..... | 16,094,000 | 416,000 | 1,967,000 | 379,241,876 | 8,350,000 |

* Including cost of lock built by Corps of Engineers, U. S. Army. In the initial stage, power installation is included at Pickwick, Wilson, Wheeler, and Norris only.

* For maximum surcharge to El. 370. For surcharge to El. 362, deduct \$14,000,000.
 † Includes highest amount.

* Includes highways, town of Norris, forest lands, etc.

**In accordance with
300,000,000 cubic feet.**

in accordance with available engineering analysis the total minimum flood control storage will be approximately 7,000,000 acre-feet or 900,000 cubic feet.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 115 FOR
IDENTIFICATION (Excluded)

Page 275

Rural Line Construction

(See p. 284)

The Chairman: You want some rural-line construction.

Mr. Lilienthal: Yes, sir.

The Chairman: That is \$1,000,000. It is a considerable increase over the amount you have this year of \$200,000.

Mr. Lilienthal: Mr. Chairman, I want to call to your attention to the fact that in the Tennessee Valley area we have almost no rural electrification. I think the percentage is about 3 out of 100 farmers using electricity.

The Chairman: It looks like this would be under the new bill, or under the rural electrification program. If they want to get together, and have the current provided——

[fol. 2225] Mr. Lilienthal (interposing): Mr. Chairman, we have been exploring that possibility, and in some cases there can be cooperation with that proposed agency. It is quite difficult, however, in an area where we have a power system such as this, to do any considerable part of the job through another agency, where there is already an agency on the ground.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 115 FOR IDENTIFICATION (Excluded)

Page 279

Schedule II—Case II. Estimated cost and annual expense for projects, ultimate stage

| | Gilbertsville | Pickwick | Wilson | Wheeler | Guntersville | Chickamauga | Watts Bar |
|--|-------------------|-------------------|-------------------|-------------------|------------------------------------|--|--------------------|
| Estimated cost of dams, locks, and reservoirs..... | \$74,000,000 | \$25,800,000 | \$23,900,000 | \$24,300,000 | \$28,300,000 | \$31,650,000 | \$30,400,000 |
| Estimated cost of power-houses and power facilities..... | 13,000,000 | 10,000,000 | 29,300,000 | 15,400,000 | 9,300,000 | 9,850,000 | 10,400,000 |
| Total estimated cost..... | <u>87,000,000</u> | <u>35,800,000</u> | <u>53,200,000</u> | <u>39,700,000</u> | <u>37,600,000</u> | <u>41,500,000</u> | <u>40,800,000</u> |
| Estimated annual operation and maintenance on dams, locks, and reservoirs..... | 212,000 | 97,000 | 72,000 | 112,000 | 141,000 | 117,000 | 122,000 |
| Estimated power expenses, 9 percent of investment ¹ | 1,170,000 | 900,000 | 2,637,000 | 1,386,000 | 837,000 | 886,000 | 936,000 |
| Estimated total annual expense..... | <u>1,382,000</u> | <u>997,000</u> | <u>2,709,000</u> | <u>1,498,000</u> | <u>978,000</u> | <u>1,003,000</u> | <u>1,058,000</u> |
| Installed capacity..... kilowatts | 224,000 | 136,000 | 366,000 | 192,000 | 82,000 | 108,000 | 150,000 |
| | Coulter Shoals | Norris | Fontana | Fowler Bend | Improvements in navigation channel | Intertie transmission lines between dams | Totals |
| Estimated cost of dams, locks, and reservoirs..... | \$19,250,000 | \$30,000,000 | \$32,500,000 | \$15,250,000 | \$8,350,000 | ..... | \$343,700,000 |
| Estimated cost of power-houses and power facilities..... | 5,150,000 | 6,000,000 | 9,900,000 | 5,150,000 | ..... | \$12,000,000 | 135,450,000 |
| Total estimated cost..... | <u>24,400,000</u> | <u>36,000,000</u> | <u>42,400,000</u> | <u>20,400,000</u> | <u>8,350,000</u> | <u>12,000,000</u> | <u>479,150,000</u> |

| | | | | | | | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|--------------------|
| Total estimated cost..... | <u>24,400,000</u> | <u>36,000,000</u> | <u>42,400,000</u> | <u>20,400,000</u> | <u>8,350,000</u> | <u>12,000,000</u> | <u>479,150,000</u> |
|---------------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|--------------------|

| | | | | | | | |
|--|----------------|----------------|----------------|----------------|-------|------------------|-------------------|
| Estimated annual operation and maintenance on dams, locks, and reservoirs..... | 110,000 | 82,000 | 63,000 | 42,000 | ..... | ..... | 1,170,000 |
| Estimated power expenses, 9 percent of investment ¹ | 464,000 | 540,000 | 891,000 | 464,000 | ..... | 1,080,000 | 12,191,000 |
| Estimated total annual expense..... | <u>574,000</u> | <u>622,000</u> | <u>954,000</u> | <u>506,000</u> | ..... | <u>1,080,000</u> | <u>13,361,000</u> |
| Installed capacity.....kilowatts | 54,000 | 100,000 | 180,000 | 80,000 | ..... | ..... | 1,672,000 |

Liquidation of Investment Through Sale of Power by Tennessee Valley Authority

| | | |
|--|---------------------|---------------|
| Continuous capacity of integrated system..... |kilowatts | 660,000 |
| Annual primary output..... |kilowatt-hours | 5,780,000,000 |
| Estimated gross annual wholesale power revenue..... | | \$23,120,000 |
| Estimated annual power expense ¹ | | \$12,200,000 |
| Estimated annual dam, lock, and reservoir expense..... | | 1,170,000 |
| Estimated total annual expense..... | | 13,370,000 |
| Estimated annual net revenue for amortization..... | | 9,750,000 |
| Estimated annual dam, lock, and reservoir expense..... | | 1,170,000 |
| Estimated total annual expense..... | | 13,370,000 |
| Estimated annual net revenue for amortization..... | | 9,750,000 |

Approximate time to amortize total estimated cost, 50 years.²

- ¹ Includes: Interest 3½ percent; depreciation 3 percent; taxes 1 percent; operation 1½ percent; all on the total investment in power.
² From the date of completion of structures and development of market for power output, estimated from about 1950.

This table has been revised to include the cost of lock at Wheeler Dam and the total historical cost of Wilson Dam. The cost of Gilbertsville is for surcharge pool elevation 370. The surcharge to elevation 362 would cost \$14,000,000 less and reduce the flood-control storage by 1,580,000 acre-feet.

Except for Pickwick, Wilson, Wheeler, and Norris, the estimates of cost are preliminary, and engineering data therefore are incomplete. The installed capacities given above are the most economical for this system of projects, but space for additional power capacity is provided as shown by table inserted at page 608 transcript to permit utilization of additional regulation of flow by possible future storage. An amount of \$20,000,000 in general contingencies has not been included in this table as it is not an anticipated expenditure to be amortized.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 115 FOR
IDENTIFICATION (Excluded)

Page 284

Mr. Lilienthal: Yes, sir. That is on schedule I, the footnote.

I hope the committee will observe that since we are planning to liquidate all the capital expenditure for flood control and navigation it is extremely important that we be given an opportunity to market the power, so as ultimately to liquidate this investment.

You will note that we expect power revenues to liquidate the entire investment in 50 years, and to be on a self-supporting basis soon after the construction period is over.

Rural Line Construction

Mr. Taber: Have you finished with that rural-line construction proposition? I have a question that I want to ask on that.

Mr. Lilienthal: Yes, sir.

Mr. Taber: The 1,500 miles that you already have built are figured on the same basis that the 800 are? They are the same type of construction and ought to cost about the same?

[fol. 2226] Mr. Lilienthal: I am sorry I am not familiar with what you are referring to.

Mr. Taber: That is on page B-72.

Mr. Taylor: Here is what you say:

This amount is to be used in financing rural lines that will be turned over to municipalities and associations. Over 1,500 miles of such lines will be completed and in use by June 30, 1936. The estimate for 1937 provides for approximately an additional 800 miles.

Page 285

Mr. Taylor: What do you mean by this:

This expenditure will be amortized out of increased revenues derived from this new construction.

When and how?

Mr. Lilienthal: These lines are placed on a self-supporting basis. They are not built unless the farmers along the line do two things: Agree to take a certain number of kilowatt-

hours per mile, 662 kilowatt-hours is the figure which is the minimum—and second, support that commitment of 662 kilowatt-hours with valid contracts for the purchase of electric appliances which will use them that total. So that before a rural line is built, or before any group of lines is built, the TVA central office has figures showing that the line will produce revenues to support that line.

[fol. 2227] **COMPLAINANTS' EXHIBIT No. 115**

"Hearing Before the Subcommittee of House Committee on Appropriations, First Deficiency Appropriation Bill for 1936, 74th Congress 2nd Session" (Part I).

(Original Exhibit)

Hearings Respecting TVA pp 113 to 355

2700

(Here follows one photolithograph, side folio 2228)

EXCERPTS FROM COMPLAINANTS'

EXHIBIT NO. 116 FOR IDENTIFICATION BEING "HEARINGS BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, 75TH CONGRESS 1ST SESSION" (EXCLUDED)

Page 403

Tabulation of principal features of present and proposed dam and reservoir projects of Tennessee Valley Authority

| Projects | Miles from mouth of river | Length of dam | Maximum lock lift | Length of reservoir | Normal area of reservoir | Total volume of reservoir | Controlled storage | Initial power installation | Ultimate power installation provided for | Estimated cost | |
|---------------------------------|---------------------------|---------------|-------------------|---------------------|--------------------------|---------------------------|--------------------|----------------------------|--|----------------|----------------|
| | | | | | | | | | | Initial stage | Ultimate stage |
| Main river projects: | | | | | | | | | | | |
| Existing or under construction: | | | | | | | | | | | |
| Pickwick..... | 306.7 | 7,715 | 61 | 52.7 | 41,000 | 1,082,000 | 416,000 | 72,000 | 316,000 | \$22,199,497 | \$42,431,497 |
| Wilson..... | 229.4 | 4,880 | 90 | 15.5 | 16,100 | 611,000 | 43,000 | 194,000 | 444,000 | \$46,960,748 | \$57,960,748 |
| Wheeler..... | 274.9 | 6,335 | 53 | 74.1 | 84,300 | 1,100,000 | 380,000 | 126,000 | 266,000 | \$27,187,667 | \$44,787,667 |
| Guntersville..... | 349.0 | 4,099 | 45 | 82.1 | 62,300 | 961,000 | 342,000 | 80,000 | 100,000 | \$4,128,000 | \$6,228,000 |
| Hales Bar..... | 431.1 | 2,500 | 40 | 37.0 | 6,800 | 100,000 | | | | | |
| Chickamauga..... | 471.0 | 6,025 | 51 | 59.0 | 22,000 | 639,000 | 326,000 | 80,000 | 100,000 | \$6,425,045 | \$8,325,045 |
| Total..... | | | | | | 4,433,000 | 1,873,000 | 484,000 | 1,116,000 | 191,897,307 | 228,993,497 |
| Proposed: | | | | | | | | | | | |
| Gilbertsville..... | 22.5 | 8,300 | 66 | 194.0 | 148,000 | 4,880,000 | 3,700,000 | None | 193,000 | \$4,000,000 | \$12,000,000 |
| Watts Bar..... | 329.9 | 2,900 | 71 | 78.3 | 42,900 | 1,196,000 | 346,000 | None | 150,000 | \$6,200,000 | \$6,900,000 |
| Coulter Shoals..... | 608.4 | 2,070 | 71 | 53.5 | 11,900 | 234,000 | 107,000 | None | 60,000 | \$5,000,000 | \$5,000,000 |
| Total..... | | | | | | 6,372,000 | 4,053,000 | None | 403,000 | 146,200,000 | 181,900,000 |
| Tributary projects: | | | | | | | | | | | |
| Under construction: | | | | | | | | | | | |
| Norris..... | 475.8 | 1,572 | None | 72.0 | 34,300 | 2,567,000 | 2,020,000 | 100,000 | 100,000 | \$6,310,370 | \$6,310,370 |
| Hiwassee..... | 475.8 | 1,280 | None | 22.0 | 6,340 | 429,000 | 365,000 | None | 80,000 | \$7,290,061 | \$7,491,061 |
| Total..... | | | | | | 3,096,000 | 2,385,000 | 100,000 | 180,000 | \$13,600,431 | \$13,801,431 |
| Proposed: Fontana..... | 460.8 | 1,700 | None | 30.0 | 9,300 | 1,600,000 | 920,000 | None | 190,000 | \$6,000,000 | \$6,000,000 |
| Grand total..... | | | | | | 15,310,000 | 8,731,000 | 584,000 | 1,879,000 | \$24,677,000 | \$29,000,000 |

¹ Includes \$359,000 maintenance during cessation of work in construction period.

² Includes \$500,000 for raising Wilson Dam.

³ Includes cost of lock (\$1,999,000), built by Corps of Engineers, U. S. Army.

⁴ Hiwassee Dam is on the Hiwassee River, which enters the Tennessee River at mile 500.5; Norris Dam is on the Clinch River, which enters the Tennessee River at mile 567.7; and the proposed Fontana Dam is on the Little Tennessee River, which enters the Tennessee River at mile 601.2.

⁵ Includes highways, town of Norris, forest lands, etc.

NOTE.—In the initial stage, power installation is included at Pickwick, Wilson, Wheeler, Guntersville, Chickamauga, and Norris. Estimates for river channel improvement are included in the cost estimates as follows: Pickwick, \$1,970,000; Wheeler, \$130,000; Guntersville, \$1,188,400; Chickamauga, \$2,810,700; Watts Bar, \$662,000; Coulter Shoals, \$990,000.

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MR. WOODRUM. Tell us something about this contract authority for \$5,500,000. What project does that refer to?

DR. A. E. MORGAN. That is for ordering generating equipment, which would not be finished during that fiscal year but will extend beyond.

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SECOND DEFICIENCY APPROPRIATION BILL, 1937

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[fol. 2229] EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116
FOR IDENTIFICATION (Excluded)

Page 452

B. Structures and Improvements—Detail

| | Actual prior years | Actual fiscal year 1936 | Estimated fiscal year 1937 | Estimated fiscal year 1938 |
|---|--------------------------|-------------------------------|----------------------------------|----------------------------------|
| 8. Electrical Plant and equip- ment: | | | | |
| (a) Transmission lines and substations..... | \$1,346,769 | \$4,642,655 | \$4,500,000 | \$4,700,000 |
| (b) Investment in distribu- tion properties..... | 1,369,816 | 1,997,391 | 750,000 | 300,000 |
| (c) General equipment and inventories..... | 1,082,666 | 545,799 | 125,000 | 100,000 |
| Total..... | 3,799,251 | 6,094,247 | 5,375,000 | 5,100,000 |

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Justification of estimates.—In order to dispose of the power generated at the navigation and flood-control works of the Authority, to connect them into an integrated system, and to furnish power for the construction of projects in progress, it is necessary to construct a network of transmission lines throughout the area. In order to increase the distribution of electricity chiefly to rural consumers, the Authority has purchased and constructed distribution properties. These are being sold to cooperative associations and municipalities which repay the Authority over a period of years. The estimate for 1938 for these activities is slightly less than that for 1937. The following map shows the location of the transmission and distribution facilities now in service or under construction.

Transmission lines and substations, \$4,700,000.—The individual lines to be constructed out of this estimate cannot be definitely determined for 1938 at this time due to uncertainties as to the outcome of litigation and pending negotiations. During 1937 a considerable amount of this work has been held up by litigation. Uncertainties as to the status of this litigation during 1938 still exists, but it is expected that the Authority will be enabled to expend approximately the [fol. 2230] same amount in 1938 as in 1937. A number of commitments have been entered into with prospective municipal and industrial customers, which will have to be consummated if conditions permit, and for which the estimate

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

makes provision. It is only by taking power to new markets that the Authority can realize the revenues included in this Budget and at the same time carry out the program set forth in the Tennessee Valley Authority Act of 1933 as amended. This estimate also provides funds for the construction of additional lines and substations needed to interconnect the generating plants at the various dams. With such connections the integrated control of the Tennessee River system for flood control, navigation, and water-power development as directed by Congress becomes feasible.

Investment in distribution properties, \$300,000.—This estimate provides for the construction or purchase of rural lines by the Authority for cooperative associations and municipalities, which pay for them over a period of 20 years or less. Some lines are financed by the Rural Electrification Administration, through which the Authority is reimbursed as soon as the construction is completed.

As of June 30, 1936, the investment of the Authority represented by outstanding obligations of the municipalities and associations was nearly \$1,000,000. Properties purchased and operated by the Authority pending transfer to municipalities and associations amounted to over \$1,000,000. About \$1,000,000 more was represented by properties constructed or in process of construction, pending their transfer to municipalities and associations.

No allocation of the 1938 estimate by individual associations and municipalities is possible at this time. Construction of some projects will depend upon the construction of transmission lines to areas not now served. The lines to be financed by the Authority will be limited to areas in which it already has a considerable investment in distribution properties. Work in remaining areas, including that done for new cooperatives, will be financed, it is expected, by the Rural Electrification Administration.

Pages 454-5

Transmission Lines and Substations

Mr. Woodrum: With reference to item (a), transmission lines and substations, \$4,700,000, will you give us some information on that program?

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 116 FOR IDENTIFICATION (Excluded)

Mr. Lilienthal: Initially a study was made of all the lines it was felt were necessary in order to carry forward the job of tying the dams together and meeting contractual commitments for power from various communities or industries or associations, or private utilities. And it was found that a very large figure was called for, a figure of some 13 million dollars. That was a larger figure than the Budget could stand and that was whittled down to \$6,000,000 and has since been, through the necessities of keeping the Budget in line, whittled down to \$4,700,000.

[fol. 2231] Just how that portion of the lines which ought to be built will actually be expended, it is difficult to say, because there are several needs for every dollar available. But we have broken it down by areas.

Mr. Woodrum: I am just wondering, Mr. Lilienthal, if in order to get a chronological picture of this situation, it would not be a good idea for you to make a brief statement of what you have done up to date in the way of building these transmission lines, your commitments, and so forth, and give us the present situation; what you expect to do in the future, and so forth, in order that we may have in our hearings a chronological story.

Mr. Lilienthal: Through the fiscal year, with an estimate, of course, for the remaining months, but quite an accurate estimate, the following figures, I think, will supply the information you want.

A total of transmission investment, investment under this heading of transmission lines and substations of \$11,350,546.

Mr. Woodrum: From the beginning of the program?

Mr. Lilienthal: From the beginning of the program; yes.

Mr. Woodrum: Through the fiscal year 1937.

Mr. Lilienthal: Yes.

Mr. Woodrum: How many lines have you got and how many substations, and what do they do?

Mr. Taber: Does that include the 1937 appropriations, or does it not?

Mr. Lilienthal: That brings us to July 1 of this year.

Mr. Taber: Does it include the expenditure of the whole \$4,500,000 that was allocated to you for that purpose in 1937?

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

Mr. Lilienthal: It does.

Mr. Woodrum: Have you not been tied up in litigation on that a good deal?

Mr. Lilienthal: Yes, we have.

Mr. Woodrum: Will you spend that money in 1937, or commit it?

Mr. Lilienthal: Yes. The injunction did not prevent the construction of all lines that were in progress. It did prevent their use in some instances. But this contemplates the expenditure of commitment of the entire appropriation for that purpose.

Mr. Woodrum: The 1937 appropriations?

Mr. Lilienthal: Yes.

Mr. Woodrum: How many miles of transmission lines and how many substations have you, and where are they located?

Mr. Lilienthal: We have this in very considerable detail. I might summarize it and then put these two sheets in the record?

Mr. Woodrum: I suggest that you do that.

Mr. Lilienthal: In the table that is appended, we have a list of all the transmission lines constructed or installed or under construction or authorized by the Authority as of March 1, which is as near the end of the fiscal year as we can get.

[fol. 2231½] Mr. Wigglesworth: Does it show which were constructed and which were purchased?

Mr. Lilienthal: These are constructed. We can supply a separate statement showing the transmission lines acquired.

The total length of miles is 1,078.55 miles. The plant in service cost, as of March 1, \$2,865,995.

The estimated total cost of additional work in progress—there are many of them partially constructed—is \$4,730,566.

The cost to March 1 of this additional work is \$3,677,068.

Then with respect to substations, we will supply the total for the record.

The estimated total cost of substations under construction is \$1,689,710.

The cost to March 1 was \$1,093,928.

Many of the substations are physically completed. Some

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

of them are not. The tables show the situation in that respect.

Mr. Wigglesworth: They show how many and where they are?

Mr. Lilienthal: Yes, it designates them.

For example, the table shows as to substations, in case you may want greater detail, Wilson Dam, Ala., and so forth; giving the town or the place where these are.

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Mr. Woodrum: What dams are generating power now?

Mr. Lilienthal: The Wilson Dam, the Norris Dam, and the Wheeler Dam are.

Mr. Woodrum: Those three dams are now in operation and generating power?

Mr. Lilienthal: Yes.

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(Here follow three photolithographs, side folios 2232-2234)

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR
IDENTIFICATION (Excluded)

Pages
464-5

Operations of Tennessee Valley Authority Department of Electricity, fiscal year 1938
SUMMARY OF GENERATION, ENERGY DISTRIBUTION, AND REVENUES

| | Total, 12 months | 1935 | | | | | | 1936 | | | | | |
|--|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | | July | August | September | October | November | December | January | February | March | April | May | June |
| GENERATION | | | | | | | | | | | | | |
| Wilson Dam: | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours | Kilowatt-hours |
| Hydroelectric plant..... | 467,196,320 | 71,287,920 | 66,874,480 | 64,589,500 | 64,365,500 | 63,308,500 | 64,411,100 | 17,280,900 | 17,494,600 | 16,590,400 | 14,849,000 | 16,565,800 | 66,571,100 |
| Steam plant..... | 369,000 | | | | 74,100 | | | 174,900 | | | | | |
| Corinth stand-by steam plant..... | 234,400 | | 18,000 | 120,000 | 74,200 | 6,400 | 8,000 | | 1,200 | 5,200 | 1,400 | | |
| Tupelo stand-by steam plant..... | 23,800 | 8,400 | 10,000 | 2,200 | | | | | | | | | |
| Blue Mountain Diesel plant..... | 2,120 | 720 | 880 | 1,440 | 480 | | | | | 2,000 | | | |
| Myrtle Diesel plant..... | | | | | | | | | | | | | |
| Gross generation..... | 467,696,320 | 71,307,920 | 66,874,480 | 64,713,140 | 64,514,280 | 63,314,900 | 64,419,100 | 17,465,800 | 17,500,800 | 16,590,600 | 14,850,400 | 16,565,800 | 66,571,100 |
| DISTRIBUTION OF ENERGY GENERATED | | | | | | | | | | | | | |
| Municipalities..... | 21,262,782 | 1,583,340 | 1,765,180 | 1,780,000 | 1,896,520 | 1,725,400 | 1,814,300 | 1,072,000 | 1,712,280 | 1,747,350 | 1,594,600 | 1,775,280 | 2,094,510 |
| County power associations..... | 12,006,400 | 691,400 | 804,200 | 1,144,000 | 1,157,880 | 1,270,240 | 1,295,900 | 1,164,100 | 991,000 | 979,810 | 932,800 | 1,084,880 | 1,122,850 |
| Other electric corporations..... | 266,028,498 | 54,481,745 | 22,997,320 | 22,057,417 | 34,638,720 | 33,233,362 | 52,857,344 | 3,372,420 | 693,744 | 654,444 | 207,350 | 475,220 | 61,830,214 |
| Subtotal, wholesale sales..... | 339,010,640 | 56,726,885 | 25,486,810 | 24,961,437 | 37,642,910 | 36,229,022 | 56,967,544 | 6,508,520 | 2,407,024 | 2,072,732 | 2,754,750 | 3,285,380 | 65,027,574 |
| Retail sales (Tennessee Valley Authority power districts)..... | 4,467,440 | 326,331 | 330,580 | 438,665 | 415,736 | 213,985 | 147,302 | 92,750 | 123,526 | 113,994 | 150,968 | 945,168 | 1,156,533 |
| Total, outside sales..... | 334,508,080 | 57,053,216 | 25,817,400 | 25,420,092 | 38,058,646 | 36,443,007 | 57,114,910 | 6,601,270 | 2,490,550 | 2,186,726 | 2,905,718 | 4,230,548 | 66,184,107 |
| Fertilizer works..... | 56,214,545 | 8,004,345 | 4,986,176 | 3,979,513 | 376,778 | 323,920 | 376,536 | 2,712,743 | 6,511,000 | 7,580,706 | 7,191,607 | 7,215,362 | 7,085,758 |
| Other Tennessee Valley Authority activities..... | 66,726,058 | 3,504,949 | 3,444,980 | 2,911,972 | 3,836,630 | 4,607,136 | 5,370,120 | 5,563,491 | 5,167,244 | 4,175,866 | 2,969,236 | 2,867,336 | 2,559,186 |
| Station use, losses, and unaccounted for..... | 20,245,622 | 2,745,410 | 2,716,934 | 2,401,563 | 2,242,328 | 1,940,835 | 2,557,532 | 2,588,270 | 2,331,000 | 2,675,266 | 1,753,939 | 2,532,493 | 3,780,063 |
| Gross generation..... | 467,696,320 | 71,307,920 | 66,874,480 | 64,713,140 | 64,514,280 | 63,314,900 | 64,419,100 | 17,465,800 | 17,500,800 | 16,590,600 | 14,850,400 | 16,565,800 | 66,571,100 |
| Total, KWH sold..... | 437,450,680 | 68,562,510 | 44,157,546 | 42,311,577 | 42,271,952 | 41,374,035 | 61,861,568 | 14,877,522 | 15,166,800 | 13,923,312 | 13,096,491 | 14,033,307 | 65,811,048 |

464 SECOND DEFICIENCY APPROPRIATION BILL, 1937

2232

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR
IDENTIFICATION (Excluded)

| REVENUE FROM SALE OF ENERGY | | | | | | | | | | | | | |
|--|--------------|------------|------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|
| Municipalities..... | \$120,949.70 | \$8,814.84 | \$9,759.55 | \$10,282.97 | \$10,578.41 | \$10,214.59 | \$10,714.51 | \$10,673.25 | \$9,454.37 | \$9,714.09 | \$9,248.01 | \$10,094.04 | \$11,298.03 |
| County power associations..... | 72,054.03 | 3,853.48 | 4,723.63 | 7,027.34 | 6,570.47 | 7,477.73 | 8,998.89 | 8,699.17 | 8,001.94 | 8,532.04 | 8,582.60 | 8,794.75 | 6,239.97 |
| Other electric corporations..... | 868,801.93 | 82,843.29 | 89,832.15 | 94,626.01 | 91,399.96 | 89,895.06 | 81,048.94 | 22,945.37 | 17,918.42 | 15,848.32 | 16,849.85 | 17,495.87 | 94,359.81 |
| Subtotal, wholesale sales..... | 781,845.66 | 95,511.61 | 74,098.33 | 75,915.32 | 78,548.74 | 77,587.37 | 98,770.34 | 40,309.79 | 33,176.73 | 31,064.49 | 31,640.46 | 33,378.70 | 111,867.81 |
| Retail sales (Tennessee Valley Authority power districts) ¹ | 73,239.54 | 7,407.31 | 7,433.25 | 9,457.87 | 9,712.18 | 4,804.53 | 2,735.78 | 1,931.20 | 2,289.01 | 2,259.21 | 2,619.92 | 9,523.19 | 13,017.11 |
| Total, outside sales..... | 855,075.22 | 102,918.92 | 81,439.58 | 85,373.19 | 88,258.92 | 82,391.90 | 101,506.12 | 42,240.99 | 35,465.74 | 33,323.70 | 34,260.38 | 42,901.89 | 124,884.92 |
| Fertilizer works..... | 139,821.15 | 15,564.18 | 16,498.32 | 8,836.12 | 2,072.75 | 2,359.63 | 2,454.53 | 6,557.94 | 13,296.58 | 15,122.08 | 14,619.89 | 14,665.77 | 14,393.36 |
| Other Tennessee Valley Authority activities..... | 322,395.00 | 16,538.09 | 16,860.75 | 15,304.32 | 18,670.43 | 23,632.13 | 23,072.02 | 23,036.44 | 22,174.75 | 19,031.94 | 16,336.08 | 14,496.26 | 13,620.79 |
| Total revenue..... | 1,197,992.37 | 135,021.19 | 108,498.65 | 109,415.63 | 109,002.10 | 108,384.66 | 127,632.67 | 71,856.37 | 71,037.07 | 67,547.72 | 68,256.35 | 72,051.92 | 152,899.07 |

¹ Red figures.

² Gross (before deduction of local operating expenses).

Excerpts From Complainants' Exhibit No. 116 for Identification (Excluded)

Pages
466-7

Operations of Tennessee Valley Authority, Department of Electricity, fiscal year, 1935

GENERATION, ENERGY DISTRIBUTION, AND REVENUES-SUMMARY

| | Total | 1934 | | | | | | 1935 | | | | | | |
|---|----------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|------------|
| | | July | August | September | October | November | December | January | February | March | April | May | June | |
| GENERATION | | | | | | | | | | | | | | |
| Wilson Dam hydroelectric plant | Kilowatt-hours | 122,370,300 | 5,973,000 | 6,275,100 | 5,067,700 | 5,620,500 | 8,736,200 | 10,412,200 | 12,705,500 | 13,052,300 | 11,361,100 | 12,329,300 | 14,470,000 | 14,947,000 |
| Corinth stand-by steam plant | Kilowatt-hours | 15,300 | | | 800 | | 2,400 | | | 7,000 | | 4,400 | | 1,000 |
| Tupelo stand-by steam plant | Kilowatt-hours | 16,200 | | | 9,000 | 7,300 | | | | | | | | |
| Blue Mountain Diesel plant | Kilowatt-hours | 212,240 | 32,090 | 31,490 | 10,390 | 28,330 | 20,190 | 30,990 | 32,640 | 10,390 | 130 | 360 | | |
| Myrtle Diesel plant | Kilowatt-hours | 15,900 | 800 | 1,700 | 7,300 | 300 | 900 | 1,100 | 2,900 | | | | | |
| Gross generation | Kilowatt-hours | 122,629,940 | 6,005,090 | 6,309,290 | 5,081,290 | 5,655,320 | 8,786,600 | 10,844,200 | 12,741,040 | 13,071,700 | 11,361,230 | 12,332,960 | 14,470,000 | 14,948,000 |
| DISTRIBUTION OF ENERGY GENERATED | | | | | | | | | | | | | | |
| Municipalities | Kilowatt-hours | 12,814,300 | 665,900 | 750,440 | 917,520 | 972,540 | 954,990 | 1,063,300 | 1,294,000 | 1,240,240 | 1,191,750 | 1,396,300 | 1,315,120 | 1,278,620 |
| County power associations | Kilowatt-hours | 4,251,300 | 294,200 | 318,400 | 322,200 | 322,000 | 294,000 | 313,400 | 344,400 | 290,600 | 785,000 | 652,400 | 432,000 | 520,100 |
| Other electric corporations | Kilowatt-hours | 2,902,620 | 1,715,000 | 1,229,451 | (916,504) | (434,046) | (132,670) | 567,710 | | | | | | 873,004 |
| Subtotal, wholesale sales | Kilowatt-hours | 19,968,220 | 2,675,100 | 2,298,291 | 323,516 | 860,532 | 1,116,910 | 1,944,610 | 1,638,400 | 1,490,840 | 1,976,750 | 1,612,700 | 1,747,720 | 2,661,214 |
| Retail sales (Tennessee Valley Authority power districts) | Kilowatt-hours | 3,984,494 | 262,450 | 261,557 | 465,763 | 369,224 | 330,368 | 306,139 | 331,496 | 337,066 | 267,621 | 331,306 | 373,661 | 768,000 |
| Total, outside sales | Kilowatt-hours | 23,952,714 | 2,937,550 | 2,559,848 | 789,279 | 1,229,756 | 1,447,278 | 2,250,757 | 1,969,896 | 1,827,906 | 1,964,001 | 1,943,996 | 2,121,381 | 3,429,214 |
| Fertilizer works | Kilowatt-hours | 42,545,394 | | 234,005 | 363,334 | 261,530 | 1,812,516 | 3,323,654 | 4,950,000 | 6,029,000 | 4,234,491 | 6,125,461 | 7,622,719 | 7,000,961 |
| Other Tennessee Valley Authority activities | Kilowatt-hours | 34,233,034 | 1,850,654 | 2,131,935 | 2,230,367 | 2,702,722 | 3,331,361 | 2,406,256 | 3,725,626 | 3,161,931 | 3,005,213 | 3,318,270 | 2,678,419 | 2,162,000 |
| Station use, losses, and unaccounted for | Kilowatt-hours | 21,948,796 | 1,267,667 | 1,361,692 | 1,850,390 | 1,472,306 | 2,177,505 | 3,371,501 | 2,664,295 | 2,036,134 | 2,379,915 | 1,944,301 | 2,680,091 | 1,017,051 |
| Gross generation | Kilowatt-hours | 122,629,940 | 6,005,090 | 6,309,290 | 5,081,290 | 5,655,320 | 8,786,600 | 10,844,200 | 12,741,040 | 13,071,700 | 11,361,230 | 12,332,960 | 14,470,000 | 14,948,000 |
| Total kilowatt-hours sold | Kilowatt-hours | 100,681,142 | 4,738,013 | 4,929,596 | 2,232,000 | 4,193,014 | 6,501,158 | 8,472,000 | 10,646,745 | 11,035,626 | 9,104,765 | 11,298,000 | 12,201,519 | 13,671,849 |
| REVENUE FROM SALE OF ENERGY | | | | | | | | | | | | | | |
| Municipalities | | \$74,013.29 | \$3,640.58 | \$4,140.18 | \$5,190.20 | \$5,415.00 | \$5,736.70 | \$6,156.16 | \$7,196.05 | \$7,390.25 | \$7,230.30 | \$7,230.27 | \$7,457.15 | \$7,228.70 |
| County power associations | | 24,573.59 | 1,603.60 | 1,739.40 | 1,893.56 | 1,894.00 | 1,800.40 | 1,852.50 | 1,932.40 | 1,703.80 | 2,253.00 | 2,337.20 | 2,449.00 | 2,520.20 |
| Other electric corporations | | 262,439.42 | 19,953.64 | 16,996.92 | 14,798.94 | 14,995.61 | 15,751.25 | 17,652.14 | 16,200.00 | 16,200.00 | 16,200.00 | 16,200.00 | 16,200.00 | 16,624.82 |
| Subtotal, wholesale sales | | 301,026.40 | 25,207.82 | 24,967.60 | 21,982.74 | 22,306.21 | 23,341.35 | 25,660.60 | 25,328.45 | 25,333.05 | 25,703.90 | 25,767.47 | 26,146.05 | 26,213.97 |
| Retail sales (Tennessee Valley Authority power districts) | | 102,144.81 | 5,978.02 | 7,034.13 | 10,457.50 | 8,961.52 | 9,992.79 | 8,667.57 | 8,611.71 | 8,509.80 | 7,273.02 | 8,000.45 | 8,655.15 | 9,163.07 |
| Total, outside sales | | 403,229.21 | 31,275.84 | 32,001.73 | 32,310.33 | 32,397.73 | 32,974.14 | 34,368.37 | 33,940.16 | 33,842.85 | 32,976.91 | 33,767.92 | 34,801.20 | 36,367.04 |
| Fertilizer works | | 36,991.93 | | 102.02 | 660.00 | 1,870.10 | 12,532.20 | 13,634.06 | 21,949.87 | 23,540.32 | 18,603.94 | (76,817.74) | 3,811.00 | 15,844.96 |
| Other Tennessee Valley Authority activities | | 154,066.62 | 8,738.03 | 9,556.42 | 10,344.35 | 12,427.60 | 16,107.61 | 12,260.33 | 15,061.67 | 13,819.80 | 13,432.00 | 19,664.19 | 14,183.74 | 12,452.40 |
| Total revenue | | 569,187.76 | 40,003.87 | 42,362.17 | 43,544.68 | 44,865.49 | 61,813.95 | 60,064.36 | 70,064.40 | 71,202.36 | 60,015.26 | (33,200.43) | 52,797.70 | 60,694.42 |

(Gross (before deduction of local operating expenses).)

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SECOND DEFICIENCY APPROPRIATION BILL, 1937

SECOND DEFICIENCY APPROPRIATION BILL

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

[fol. 2235]

Page 469

Present and Proposed Transmission System Investment and Revenues—Summary Investment

| Area | Estimated cost, prior years | Estimated cost, fiscal year 1938 | Estimated total cost |
|---|-----------------------------|----------------------------------|----------------------|
| Middle Tennessee area..... | \$1,481,774 | \$2,043,200 | \$3,524,974 |
| West Tennessee area..... | 1,995,003 | 1,477,000 | 3,472,003 |
| Alabama area..... | 1,065,994 | 277,500 | 1,343,494 |
| Mississippi area..... | 1,212,473 | 215,000 | 1,427,473 |
| Chickamauga area..... | 154,641 | 1,778,700 | 1,933,341 |
| Norris area..... | 447,705 | ..... | 447,705 |
| Dam substations and inter-connecting lines..... | 4,992,956 | 2,716,000 | 7,708,956 |
| Total..... | \$11,350,546 | \$8,507,400 | \$19,857,946 |
| Less adjustments and transfers to future years' programs ¹ | 861,122 | 3,807,400 | 4,668,522 |
| Total to June 30, 1938..... | \$10,489,424 | \$4,700,000 | \$15,189,424 |

[fol. 2236]

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Revenue

| Consumer | Kilowatt demand | Kilowatt-hour consumption | Annual revenue |
|-------------------------------------|-----------------|---------------------------|----------------|
| Existing customers (1936 revenues): | | | |
| Middle Tennessee area..... | 27,180 | 169,500,000 | \$459,400 |
| West Tennessee area..... | 2,540 | 10,900,000 | 62,000 |
| Alabama area..... | 10,220 | 32,300,000 | 187,000 |
| Mississippi area..... | 10,190 | 44,900,000 | 233,700 |
| Chickamauga area..... | 1,120 | 5,000,000 | 33,200 |
| Norris area..... | ..... | ..... | ..... |
| Customers served at dams..... | 42,000 | 150,500,000 | 550,000 |
| Total, existing customers..... | 94,250 | 413,100,000 | 1,525,300 |

Estimated for First Full Year of Service

Prospective customers (first year revenues):

| | | | |
|---|---------|---------------|-----------|
| Middle Tennessee area..... | 50,560 | 227,400,000 | 515,000 |
| West Tennessee area..... | 71,700 | 347,300,000 | 1,093,000 |
| Alabama area..... | 9,870 | 32,175,000 | 231,400 |
| Mississippi area..... | 6,000 | 24,000,000 | 100,000 |
| Chickamauga area..... | 21,300 | 120,000,000 | 535,000 |
| Norris area..... | 60,000 | 240,000,000 | 540,000 |
| Customers served at dams..... | 50,000 | 300,000,000 | 760,000 |
| Subtotal, prospective customers..... | 272,030 | 1,266,775,000 | 3,739,700 |
| Total..... | 366,310 | 1,679,275,000 | 5,265,000 |
| Less temporary direct service, Alabama..... | 5,400 | 4,000,000 | 64,000 |
| Total consumption and revenue.. | 360,910 | 1,675,275,000 | 5,201,000 |

¹ Estimated value of transmission property included in statement of distribution investment as "Unclassified." This property was acquired from the Alabama Power Co. and final determination of allocation to various classes of property has not yet been made.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

This estimate covers the cost of proposed transmission-system construction which will be required during the fiscal years 1938 and 1939, in order to take care of the load growth of existing customers and provide service to prospective additional customers, including municipalities, cooperative associations, industrial customers, Tennessee Valley Authority activities, privately owned utilities and others.

The order in which these projects will be undertaken depends entirely upon the outcome of present legal proceedings, the acquisition or construction of distribution systems by certain municipalities, the outcome of negotiations with prospective customers with whom contracts have not yet been signed, the determination of certain policies, and other factors which are indefinite at the present time. The contingencies in connection with each project are given in detail on the attached sheets, together with a list of the individual lines and substations, their estimated costs, and the revenues to be derived from each. It will be noted that the estimated revenue in connection with each of the projects is sufficient to justify the construction cost involved, and it is not proposed to undertake construction in any case until the corresponding revenue is assured and the project has been specifically approved by the Board.

[fol. 2237] It is anticipated that construction totaling at least \$4,700,000 will be required during the fiscal year 1938 in order to take advantage of opportunities to obtain additional revenues as the several situations develop. The balance of the program set forth herein will probably be postponed until the fiscal year 1939, although it is not possible at this time to predict the rate of development.

The estimated revenues from prospective customers, as shown above, will not all be realized during the fiscal year 1938, since many of them may not be connected until late in the fiscal year or until the following fiscal year. On the other hand, there are a number of prospective customers throughout the Tennessee Valley Authority area not included in the estimates above who may be connected during the present fiscal year. The estimated revenue for the fiscal year 1938 is shown in another tabulation under the heading "Operations."

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

Pages 478-485

Present and Proposed Transmission System Investment and Revenues Middle Tennessee Area

| Project | Estimated cost prior years | Estimated cost fiscal year 1938 | Estimated total cost |
|--|----------------------------------|---------------------------------------|-------------------------|
| Investment | | | |
| Existing transmission system (established as of June 30, 1937): | | | |
| Lines..... | \$906,353 | ..... | ..... |
| Substations..... | 575,421 | ..... | ..... |
| Total as of June 30, 1937..... | 1,481,774 | ..... | ..... |
| Additional lines and substations: | | | |
| Second line to Columbia (for Monsanto service)..... | | \$720,000 | ..... |
| Substation at dam (for Monsanto service)..... | | 80,000 | ..... |
| Substation at Columbia (for Monsanto service)..... | | 100,000 | ..... |
| Columbia-Shelbyville..... | | 104,000 | ..... |
| Shelbyville substation..... | | 35,000 | ..... |
| Shelbyville-Murfreesboro..... | | 78,000 | ..... |
| Connection to Tennessee Electric Power Co..... | | 115,000 | ..... |
| Elkton-Fayetteville..... | | 83,200 | ..... |
| Fayetteville substation..... | | 28,000 | ..... |
| Columbia-Nashville (for Tennessee Electric Power Co. interchange)..... | | 600,000 | ..... |
| Additions to Columbia substation (for Tennessee Electric Power Co. interchange)..... | | 100,000 | ..... |
| Total proposed additions, fiscal year 1938..... | | 2,043,200 | ..... |
| Total investment..... | 1,481,774 | 2,043,200 | \$3,524,974 |
| Revenues | | | |
| Consumer | Kilowatt demand | Kilowatt- hour con- sumption | Annual revenue |
| Existing customers (1938 revenues): | | | |
| City of Dickson, Tenn..... | 510 | 2,300,000 | \$13,800 |
| City of Pulaski, Tenn..... | 770 | 3,300,000 | 20,600 |
| Duck River Electric Membership Corp..... | 450 | 1,900,000 | 12,000 |
| Middle River Electric Membership Corp..... | 450 | 1,900,000 | 12,000 |
| Monsanto Chemical Co..... | 25,000 | 180,000,000 | 400,000 |
| Lincoln County Power District..... | | 100,000 | 1,000 |
| Subtotals, existing customers..... | 27,180 | 189,500,000 | 459,400 |
| Estimated for First Full Year of Service | | | |
| Prospective customers (first-year revenues): | | | |
| Southwest Tennessee Electric Membership Corporation..... | 560 | 2,400,000 | \$15,000 |
| Tennessee Electric Power Co.: | | | |
| Nashville..... | 40,000 | 180,000,000 | 400,000 |
| Columbia..... | 10,000 | 45,000,000 | 100,000 |
| Subtotals, prospective customers..... | 50,560 | 227,400,000 | 515,000 |
| Total consumption and revenues..... | 77,740 | 396,900,000 | 974,400 |

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

[fol. 2238] The second circuit to Columbia, which will be a 154-kilovolt transmission line extending from either Wilson Dam, Wheeler Dam, or a point on the Norris line, is required in order to fulfill the requirements of the existing contract with Monsanto Chemical Co., and it is to be in service not later than January 1, 1938. The ultimate revenue from the Monsanto Co. is expected to exceed \$750,000 annually.

Construction of the Columbia-Nashville line is contingent upon the execution of a contract with the Tennessee Electric Power Co. to provide additional service facilities in the Nashville area in order to supply the power deficiency which already exists at that point, and to replace a certain amount of steam generation.

The Columbia-Shelbyville, Shelbyville-Murfreesboro, and Pulaski-Fayetteville 44-kilovolt lines will probably be required in order to supply adequate service to take care of the load growth of the existing cooperative associations in middle Tennessee.

The 44-kilovolt connection to the Tennessee Electric Power Co. at Columbia is contingent upon an agreement with the Tennessee Electric Power Co., and if undertaken, will provide reinforcement to their 44-kilovolt system in the southern portion of the middle Tennessee area.

| West Tennessee Area | | | |
|---|-----------------------------|----------------------------------|----------------------|
| Project | Estimated cost, prior years | Estimated cost, fiscal year 1938 | Estimated total cost |
| Investment | | | |
| Existing transmission system (established as of June 30, 1937): | | | |
| Lines..... | \$1,550,789 | ..... | ..... |
| Substations..... | 444,214 | ..... | ..... |
| Total as of June 30, 1937..... | 1,995,003 | ..... | ..... |
| Additional lines and substations: | | | |
| Completion of south Memphis substation..... | | \$65,000 | ..... |
| Jackson-Covington-Memphis line..... | | 475,000 | ..... |
| Memphis substation, north..... | | 241,000 | ..... |
| Connection to Arkansas Power & Light Co.: | | | |
| Line..... | | 100,000 | ..... |
| Sub..... | | 150,000 | ..... |
| Jackson substation additions, 110 kilovolts..... | | 65,000 | ..... |
| Conversion to 154 kilovolts at Memphis..... | | 275,000 | ..... |
| Jackson-Trenton line..... | | 106,000 | ..... |
| Total additional, fiscal year 1938..... | | 1,477,000 | ..... |
| Total investment, west Tennessee.. | 1,995,003 | 1,477,000 | \$3,472,003 |

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 116 FOR IDENTIFICATION (Excluded)

[fol. 2239]

| Consumer | Revenues | | |
|---|-----------------|---------------------------|----------------|
| | Kilowatt demand | Kilowatt-hour consumption | Annual revenue |
| Existing customers (1938 revenues): | | | |
| City of Bolivar, Tenn. | 235 | 1,000,000 | \$6,500 |
| City of Jackson, Tenn. | 430 | 1,800,000 | 10,000 |
| City of Milan, Tenn. | 460 | 2,000,000 | 11,000 |
| City of Somerville, Tenn. | 185 | 800,000 | 5,000 |
| Pickwick Electric Membership Corporation. | 370 | 1,600,000 | 9,500 |
| Gibson County Electric Membership Corporation. | 860 | 3,700,000 | 20,000 |
| Subtotal, existing customers. | 2,540 | 10,900,000 | 62,000 |
| Estimated for First Full Year of Service | | | |
| Prospective customers (first-year revenues): | | | |
| City of Memphis, Tenn. | 30,000 | 140,000,000 | \$600,000 |
| Electric Bond & Share Corporation (Arkansas). | 40,000 | 200,000,000 | 450,000 |
| City of Trenton, Tenn. | 1,100 | 5,000,000 | 28,000 |
| Southwest Tennessee Electric Membership Corporation. | 600 | 2,300,000 | 15,000 |
| Subtotal, prospective customers. | 71,700 | 347,300,000 | 1,093,000 |
| Total, consumption and revenues, west Tennessee. | 73,240 | 358,200,000 | 1,155,000 |

The above estimates cover the cost of the necessary transmission system construction in order to provide service to Memphis, Tenn., and to interconnect with the Electric Bond & Share system near Memphis and at Covington, Tenn., for the purpose of supplying their power deficiency in eastern Arkansas and west Tennessee; and also service to other prospective customers in the west Tennessee area.

The necessity for this work depends upon (a) the outcome of court proceedings in the Nineteen Companies suit; (b) ability of the city of Memphis to complete the acquisition or construction of a distribution system; (c) outcome of present negotiations with the Arkansas Power & Light Co. and associated companies; (d) determination of policy with respect to interconnection with these utilities.

In addition to the investment of \$1,477,000 for market lines in this area, an investment of \$1,125,000 for interconnecting lines between hydro plants will be required. Although this latter amount is not entirely assignable to the west Tennessee area, the necessity for undertaking these particular lines during the coming fiscal year is dependent upon the acquisition of the loads above mentioned.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

The total investment and total annual revenues by the end of the fiscal year 1938 for this area may be summarized as follows:

| | |
|--|-------------|
| Investment, including market and interconnecting lines | \$2,602,000 |
| Annual revenues from additional customers ... | 1,093,000 |

[fol. 2240]

Alabama Area

Investment

| Project | Estimated cost, prior years | Estimated cost, fiscal year 1938 | Estimated total cost |
|---|-----------------------------|----------------------------------|----------------------|
| Existing transmission system (estimated as of June 30, 1937): | | | |
| Lines..... | \$111,673 | ..... | ..... |
| Substations..... | 93,199 | ..... | ..... |
| Total, as of June 30, 1937..... | 204,872 | ..... | ..... |
| Additional lines and substations: | | | |
| 110-kilovolt connection from Decatur substation to Guntersville line..... | | \$27,500 | ..... |
| Substation, 25,000 kilovolt-amperes, 154/110 kilovolts..... | | 250,000 | ..... |
| Total proposed additions, fiscal year 1938..... | | 277,500 | ..... |
| Estimated value of transmission property in north Alabama, not yet classified (included in statement of distribution property acquired from Alabama Power Co. (approximate))..... | 861,122 | ..... | ..... |
| Total investment..... | 1,065,994 | 277,500 | \$1,343,494 |

Revenues

| Consumer | Kilowatt demand | Kilowatt-hour consumption | Annual revenue |
|---|-----------------|---------------------------|----------------|
| Existing customers (1938 revenues): | | | |
| City of Athens, Ala..... | 1,000 | 4,500,000 | \$25,000 |
| City of Florence, Ala..... | 2,600 | 11,600,000 | 58,000 |
| City of Muscle Shoals, Ala..... | 80 | 800,000 | 3,800 |
| City of Sheffield, Ala..... | 800 | 3,500,000 | 20,000 |
| City of Tusculmbia, Ala..... | 340 | 1,500,000 | 10,200 |
| Cullman County Electric Membership Corporation..... | 2,000 | 9,000,000 | 6,000 |
| Lauderdale County power district..... | 500 | 800,000 | 7,000 |
| Colbert County power district..... | 900 | 800,000 | 7,000 |
| Alabama power district..... | 4,000 | 3,000,000 | 50,000 |
| Total, existing customers..... | 10,220 | 32,300,000 | 187,000 |

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

| Consumer | Kilowatt demand | Kilowatt hour con- sumption | Annual revenue |
|--|--------------------|-----------------------------------|-------------------|
| Estimated for First Full Year of Service | | | |
| Prospective customers (first year revenue): | | | |
| Morgan and Lawrence Counties, Ala. (in- cluding industrials)..... | 4,000 | 9,000,000 | 100,000 |
| Lauderdale County Corporation, Ala. | 500 | 2,500,000 | 15,000 |
| Colbert County Corporation, Ala. | 900 | 3,000,000 | 20,000 |
| City of Decatur, Ala. | 3,000 | 12,000,000 | 60,000 |
| City of Russellville, Ala. | 1,100 | 4,200,000 | 26,100 |
| City of Hartselle, Ala. | 150 | 600,000 | 4,200 |
| City of Courtland, Ala. | 120 | 475,000 | 3,300 |
| City of Cherokee, Ala. | 100 | 400,000 | 2,800 |
| Subtotal, prospective customers..... | 9,870 | 32,175,000 | 231,400 |
| Total..... | 20,090 | 64,475,000 | 418,400 |
| Less temporary rural service..... | 5,400 | 4,600,000 | 64,000 |
| Total, consumption and revenues..... | 14,690 | 59,875,000 | 354,400 |

[fol. 2241] The only additional transmission system construction contemplated in the Alabama area for the fiscal year 1938 consists of a 110-kilovolt connection from the Gunterline line to the Decatur substation, including installation of a 154/110-kilovolt substation near Decatur. This construction, or, as an alternate, the acquisition of the existing 110-kilovolt line between Decatur and Wilson Dam, now owned by the Alabama Power Co., will be required in order to eliminate the interchange at Decatur.

In the tabulation of revenues given above, it will be noted that 1938 revenues are shown for the Lauderdale, Colbert, and Alabama power districts for a portion of the year only, and that in the list of prospective customers, revenues from corresponding cooperative associations are shown for a full year. This makes it necessary to deduct the power district revenues from the total in order to eliminate the duplication. The reason for the above is that temporary rural service in the power districts will be discontinued at some time during the fiscal year 1938, at which time the operations will be assumed by electric membership corporations or municipalities.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 116 FOR IDENTIFICATION (Excluded)

| Mississippi Area Investment | | | |
|---|-----------------------------|----------------------------------|----------------------|
| Project | Estimated cost, prior years | Estimated cost, fiscal year 1938 | Estimated total cost |
| Existing transmission system (estimated as of June 30, 1937): | | | |
| Lines..... | \$497,515 | ..... | ..... |
| Substations..... | 714,959 | ..... | ..... |
| Total, as of June 30, 1937..... | 1,212,473 | ..... | ..... |
| Additional lines and substations: | | | |
| Tupelo-Pontotoc line..... | ..... | \$83,000 | ..... |
| Pontotoc substation..... | ..... | 40,000 | ..... |
| Increase 2,300-volt capacity: | ..... | ..... | ..... |
| Tupelo..... | ..... | 57,000 | ..... |
| Iuka..... | ..... | 35,000 | ..... |
| Total additions, fiscal year, 1938.... | ..... | 215,000 | ..... |
| Total investment, Mississippi area. | 1,212,473 | 215,000 | \$1,427,473 |

| Revenues | | | |
|--|-----------------|---------------------------|----------------|
| Consumer | Kilowatt demand | Kilowatt-hour consumption | Annual revenue |
| Existing customers (1938 revenues): | | | |
| Alcorn County Electric Power Association.. | 2,000 | 9,000,000 | \$45,000 |
| Monroe County Electric Power Association.. | 350 | 1,500,000 | 8,000 |
| Pontotoc County Electric Power Association.. | 550 | 2,400,000 | 15,800 |
| Prentiss County Electric Power Association.. | 670 | 2,900,000 | 18,000 |
| Tishomingo County Electric Power Association.. | 380 | 1,600,000 | 10,500 |
| Tombigbee County Electric Power Association.. | 1,400 | 6,000,000 | 24,000 |
| Amory, Miss..... | 440 | 1,900,000 | 11,700 |
| Holly Springs, Miss..... | 370 | 1,600,000 | 10,000 |
| New Albany, Miss..... | 900 | 3,900,000 | 21,000 |
| Okolona, Miss..... | 420 | 1,800,000 | 11,700 |
| Tupelo, Miss..... | 2,700 | 12,300,000 | 58,000 |
| Subtotal, existing customers..... | 10,190 | 44,900,000 | 233,700 |
| Estimated for First Full Year of Service | | | |
| Prospective customers (first year revenue): | | | |
| Sardis Dam (U. S. Army)..... | 5,000 | 20,000,000 | 80,000 |
| Pontotoc Cotton Oil Co..... | 500 | 2,000,000 | 10,000 |
| Southern Cotton Oil Co..... | 500 | 2,000,000 | 10,000 |
| Subtotal, prospective customers..... | 6,000 | 24,000,000 | 100,000 |
| Total, consumption and revenues, Mississippi area..... | 16,190 | 68,900,000 | 333,700 |

[fol. 2242] The Tupelo-Pontotoc 44-kilovolt line and the 44-kilovolt substation at Pontotoc will be required in connection with the proposed service to the Sardis Dam project.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

An additional line from Pontotoc to Sardis will be constructed by the Army Engineers or by the dam contractor.

The increased 2,300-volt capacity at Tupelo and Iuka will be required in order to take care of the normal load growth at those locations.

The changing of the Burnsville-Tupelo line to 110 kilovolts, the construction of the Tupelo 110-kilovolt substation, and the New Albany-Pontotoc 44-kilovolt transmission line have all been included in the 1937 estimate, since it is probable that the majority of the commitments and expenditures in connection with these items will be made during the present fiscal year.

The revenue estimate above includes only those customers who are now being served or who appear to be immediately in prospect. The transmission system, upon completion of the proposed 1938 construction, will be of sufficient capacity to take care of a considerable increase in load without further capital expenditures except for line extensions.

Chickamauga Area

Investment

| Project | Estimated cost, prior years | Estimated cost, fiscal year 1938 | Estimated total cost |
|--|-----------------------------|----------------------------------|----------------------|
| Existing transmission system (estimate as of June 30, 1937): | | | |
| Lines..... | \$88,956 | ..... | ..... |
| Substations..... | 65,685 | ..... | ..... |
| Total as of June 30, 1937..... | 154,641 | ..... | ..... |
| Additional lines and substations: | | | |
| Chickamauga-Cave Springs, 75 miles 110 kilovolts..... | | \$412,500 | ..... |
| Cave Springs substation, 15,000 kilovolt-amperes, 110 kilovolts..... | | 180,000 | ..... |
| Chickamauga - Dalton - Cartersville, 75 miles, 110 kilovolts..... | | 412,500 | ..... |
| Dalton-Lafayette, 22 miles, 44 kilovolts..... | | 57,200 | ..... |
| Dalton substation, 110 kilovolts..... | | 175,000 | ..... |
| Lafayette substation, 44 kilovolts..... | | 26,000 | ..... |
| Cartersville substation, 110 kilovolts..... | | 183,000 | ..... |
| Cartersville-Cave Springs, 35 miles, 110 kilovolts..... | | 192,500 | ..... |
| Additional oil circuit breakers..... | | 140,000 | ..... |
| Total additions, fiscal year 1938..... | | 1,778,700 | ..... |
| Total investment..... | 154,641 | 1,778,700 | \$1,933,341 |

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

Chickamauga Area—Continued

| Revenues | | Kilowatt-hour consumption | Annual revenue |
|--|-----------------|---------------------------|----------------|
| Consumer | Kilowatt demand | | |
| Existing customers (1938 revenues): | | | |
| City of Dayton, Tenn..... | 400 | 1,800,000 | \$11,700 |
| Meigs County Electric Membership Corporation, Tennessee..... | 300 | 1,300,000 | 9,000 |
| North Georgia Electric Membership Corporation, Georgia..... | 420 | 1,900,000 | 12,500 |
| Total, existing customers..... | 1,120 | 5,000,000 | 33,200 |
| Estimated for First Full Year of Service | | | |
| Prospective customers (first-year revenues): | | | |
| City of Dalton, Ga..... | 1,300 | 5,800,000 | 32,000 |
| City of Lafayette, Ga..... | 400 | 1,400,000 | 10,000 |
| City of Cartersville, Ga..... | 1,400 | 5,500,000 | 31,500 |
| American Thread Co. (Dalton)..... | 2,000 | 6,000,000 | 30,000 |
| Crown Cotton Mills (Dalton)..... | 1,200 | 4,000,000 | 20,000 |
| Boylston-Crown Mills (Dalton)..... | 650 | 1,300,000 | 6,600 |
| Dalton Brick & Lumber Co. (Dalton).... | 150 | 300,000 | 1,500 |
| Duane Chair Co. (Dalton)..... | 200 | 400,000 | 5,700 |
| Lafayette Cotton Mills (Lafayette)..... | 560 | 2,000,000 | 10,000 |
| Walker County Hosiery Mills (Lafayette)... | 100 | 200,000 | 3,000 |
| Goodyear-Clearwater Mill (Cartersville)... | 3,800 | 18,000,000 | 102,000 |
| New Riverside Ochre Co. (Cartersville)... | 170 | 1,000,000 | 8,000 |
| Cave Springs Paper Mill (Cave Springs)... | 12,000 | 50,000,000 | 240,000 |
| Total, prospective customers..... | 23,930 | 95,900,000 | 500,300 |
| Total, consumption and revenues.... | 25,050 | 100,900,000 | 533,500 |

[fol. 2243] The construction of additional transmission facilities in the Chickamauga area, comprising southeast Tennessee and north Georgia, is contingent upon obtaining contracts from the municipalities of Dalton, Lafayette, and Cartersville, Ga., and with the several industrial consumers in the vicinity of these cities, as well as a large industrial user at Cave Springs, near Rome, Ga. It is possible that only a portion of the load will be obtained, which may justify the construction of a part of the ultimate system.

It may be possible to eliminate the construction of certain of these facilities if interchange agreements can be worked out.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

Norris, Tenn., Area

Investment

| Project | Estimated cost, prior years | Estimated cost, fiscal year 1938 | Estimated total cost |
|---|-----------------------------------|--|-------------------------|
| Existing transmission system (estimated as of June 30, 1937): | | | |
| Lines..... | \$421,546 | ..... | ..... |
| Substations..... | 26,159 | ..... | ..... |
| Total as of June 30, 1937..... | 447,705 | ..... | ..... |
| Total investment..... | 447,705 | ..... | \$447,705 |

Additional lines and substations: (None contemplated during 1938).

Revenues

| Consumer | Kilowatt demand | Kilowatt- hour con- sumption | Annual revenue |
|--|---------------------|------------------------------------|----------------------|
| Prospective customers (first year revenues): Aluminum Co. of America.... | ¹ 60,000 | ¹ 240,000,000 | ¹ 540,000 |
| Total consumption and revenues.. | ¹ 60,000 | ¹ 240,000,000 | ¹ 540,000 |

¹ Estimated for first full year of service.

NOTE.—Existing customers (1938 revenues): None.

[fol. 2244] The existing investment in transmission facilities in the Norris area consists of the Norris-Alcoa line, which is now under construction, for providing service to the Aluminum Co. of America, and the Clinch River substation, which was installed by the Tennessee Electric Power Co. on behalf of the Authority, to provide service to Norris Dam during the construction period.

Although the revenue estimate for the fiscal year 1938 includes only \$100,000 revenue from the Aluminum Co. of America, it is expected that this amount will be greatly exceeded if the present negotiations with the Aluminum Co. of America are completed. A maximum demand of 60,000 kilowatts is anticipated by January 1, 1938, and the probable ultimate demand will be at least 100,000 kilowatts, with an annual revenue of about \$1,800,000. Additional transmission facilities will undoubtedly be required in the future to take care of this increase in load.

EXCERPTS FROM COMPLAINANTS' EXHIBIT NO. 116 FOR IDENTIFICATION (Excluded)

Dam Substations and Interconnecting Lines

| Project | Investment | | Estimated total cost |
|--|-----------------------------|----------------------------------|----------------------|
| | Estimated cost, prior years | Estimated cost, fiscal year 1938 | |
| Existing transmission system (estimated as of June 30, 1937): | | | |
| Lines..... | \$4,069,730 | ..... | ..... |
| Substations..... | 923,226 | ..... | ..... |
| Total as of June 30, 1937..... | 4,992,956 | ..... | ..... |
| Additional lines and substations required for west Tennessee services: | | | |
| 154 kilovolt connection at Wilson Dam..... | | \$225,000 | ..... |
| Additional connections at Pickwick Dam..... | | 450,000 | ..... |
| Second Wilson-Pickwick line..... | | 450,000 | ..... |
| Subtotal..... | | 1,125,000 | ..... |
| Required for north Georgia services: | | | |
| Connections to Chickamauga line at Watts Bar..... | | 85,000 | ..... |
| Substation at Chickamauga, 154/110 kilovolts..... | | 315,000 | ..... |
| Subtotal..... | | 400,000 | ..... |
| Connection between Guntersville and Chickamauga: | | | |
| Connection at Guntersville..... | | 125,000 | ..... |
| Guntersville-Chickamauga line..... | | 939,000 | ..... |
| River crossing at Chickamauga..... | | 42,000 | ..... |
| Connection at Chickamauga..... | | 85,000 | ..... |
| Subtotal..... | | 1,191,000 | ..... |
| Estimated total investment..... | 4,992,956 | 2,716,000 | \$7,708,956 |

Revenues from Customers Served at Dams

| Consumer | Kilowatt demand | Kilowatt-hours consumption | Annual revenue |
|--|-----------------|----------------------------|----------------|
| Existing customers (1938 revenues): | | | |
| Chickamauga Dam construction..... | 6,000 | 22,000,000 | \$100,000 |
| Fertilizer works, Wilson Dam (U. S. N. P. 2)..... | 15,000 | 60,000,000 | 130,000 |
| Guntersville Dam construction..... | 6,000 | 22,000,000 | 100,000 |
| Muscle Shoals operations (U. S. Government Reserve)..... | 1,000 | 3,500,000 | 21,000 |
| Navigation locks..... | | 500,000 | 2,000 |
| Town of Norris, Tenn..... | 2,000 | 6,500,000 | 28,000 |
| Pickwick Dam construction..... | 7,000 | 22,000,000 | 100,000 |
| Hiwassee Dam construction..... | 4,000 | 9,000,000 | 45,000 |
| Other main river dam construction..... | 2,000 | 5,000,000 | 26,000 |
| Total, existing customers..... | 43,000 | 150,500,000 | 550,000 |
| Estimated for First Full Year of Service | | | |
| Prospective customers (first year revenues): | | | |
| Commonwealth & Southern Corporation..... | 50,000 | 300,000,000 | 760,000 |
| Total consumption and revenues... | 93,000 | 450,500,000 | 1,310,000 |

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

[fol. 2245] The construction of additional facilities for interconnecting the hydroelectric generating plants is necessary in order to provide for the transfer of electrical energy between plants, as load and stream conditions may require, in order to make fullest use of the capacity of the integrated system. The cost of such work cannot be allocated strictly to any particular transmission system project or area, but should be considered rather as a part of the generating cost since, in effect, it increases the availability of electrical energy at each of the plants without a corresponding increase in generating capacity.

The necessity for constructing those lines at this particular time, however, is more or less closely identified with the requirements of the respective market areas and may be allocated approximately as above.

The revenues shown above are from customers who are served at the dams and are, therefore, not assignable to any particular market area. It will be noted, of course, that there is no particular relationship between the revenues from these customers and the investment in interconnecting lines.

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Mr. Woodrum: Now, Mr. Lilienthal, will you say something briefly about these other two items on page 28—"Investment for distribution property, \$300,000?"

Mr. Lilienthal. The item of \$300,000 for investment in distribution properties is quite well described in the note on page 28, which, I assume, will be in the record.

Generally speaking, the item is to enable the Authority to purchase on the account of the rural cooperatives, the farm cooperatives, operated by associations and corporations, operating rural projects, capital for small extensions.

The rural projects by and large are financed by the R. E. A.; and some of these associations will have need of relatively small extensions, say for 5 or 10 miles to reach additional customers, which will improve their financial situation. But if the R. E. A. finances those small projects, there will be a great many difficulties in the way of having too many different liens on the same property. It has been found much more expeditious for the T.V.A. to advance that

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

money rather than to get two bankers into the same association.

Frequently these associations are purchasing existing small lines; and this is for the purpose as authorized under our statute of lending money for that purpose.

Mr. Woodrum: Do you mean that you have a working arrangement with the R.E.A.?

Mr. Lilienthal: Yes. We have a very cooperative arrangement with R.E.A. by which they are furnishing by far the bulk of the financing through this area. But these are exceptional cases. They are not authorized to loan money for the purchase of existing lines for one thing. And then, where you have a small extension where we already have advanced the money, it is very awkward to have two sets of loans, and very expensive.

[fol. 2246]

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2. Electricity operations, \$2,649,000 (net credit).—This estimate for electricity operations is based on estimates of operating revenues, operating expenses, revenue deductions, and nonoperating income. These estimates will be explained in the following analysis:

A. Operating revenues, \$3,700,000: The 1938 estimate of operating revenues is more than double the corresponding estimate for 1937. As shown in the supporting table, following this test, substantial increases are anticipated from practically all sources. A large increase in power demand in the area over last year, with every indication of continuing increase, has produced a very favorable market situation for the sale of surplus power and increase in revenues. Estimated sales to municipalities are estimated to increase from \$248,600 in 1937 to \$700,000 in 1938. This estimate is based on normal growth in the requirements of present customers, together with the addition of a few other municipalities where it seems certain that power sales will begin during the fiscal years 1937 or 1938. Much of the increase over the 1937 estimate results from the fact that many of the 1937 estimates are for only part of a fiscal year. Sales to cooperative associations are expected to increase from

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

\$131,400 in 1937 to \$275,000 in 1938. This is based on increasing load requirements of present associations. Sales to industries are expected to increase from \$50,000 in 1937 to \$600,000 in 1938. This increase is based almost entirely on present contracts for the sale of power to industries. Sales to utilities are expected to increase from \$756,000 in 1937 to \$1,510,000 in 1938. This increase is based on growth in loads on private systems for which no existing generating capacities are available, excepting those being placed in operation by the Authority. During the dry seasons of 1935 and 1936 the Authority was unable to supply the demands of private utilities. With generating units now being completed, it is believed that the Authority will be able to supply these increasing demands. A reduced estimate is included in the 1938 budget for net revenue from power districts. It is planned to dispose of all these properties as rapidly as possible by sales to cooperatives associations. Interdepartmental transfers are expected to increase from \$444,000 in 1937 to \$550,000 in 1938. This estimate covers the power used in fertilizer manufacture and construction operations.

B. Operating expenses, \$941,000: The 1938 estimate for operating expenses exceeds the 1937 estimate by \$146,000. As shown in the supporting table following this text the estimate for production expense is increased by \$50,000; the remaining increase is accounted for by growth in expense for operation and maintenance of transmission lines and substations, increased electrical development expense and increased general administration expense. These increases are necessary in order to care for the increasing volume of business as shown under operating revenue estimates.

C. Revenue deductions, \$185,000: The estimate for revenue deductions is computed on the basis of section 13 of the Tennessee Valley Authority Act, as amended, which requires that 5 per cent of gross revenues from the sale of power shall be paid to the States of Alabama and Tennessee based on the amount of power generated by projects located in these States.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

[fol. 2247]

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Mr. Woodrum: What rate of interest do you charge on those loans?

Mr. Lilienthal: Three and one-half per cent.

Mr. Wigglesworth: Does that probably amount to about a million dollars?

Mr. Lilienthal: That is about correct.

Mr. Wigglesworth: What collateral, if any, do you have?

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[fol. 2248] D. Nonoperating income, \$75,000: This amount represents estimated interest on properties transferred to municipalities and associations together with other miscellaneous nonoperating receipts.

Pages 510-11

Memorandum on Firm and Secondary Power Rate—Schedule C-1

Availability.—Transmitted firm and secondary power purchased in combination by large industrial customers, with a minimum contract firm demand of 8,000 kilowatts. Firm power shall be available to customer at all times. Secondary power shall be available to customer for at least 300 days, to be selected by Authority out of each calendar year.

Demand charge.—For firm power, \$.90 per kilowatt of demand per month.

For secondary power, \$.30 per kilowatt of demand per month when secondary power is available.

Energy charge.—For total energy consumed including firm and secondary use; first 100,000 kilowatt-hours consumed per month at 4 mills per kilowatt-hour; next 200,000 kilowatt-hours consumed per month at 3 mills per kilowatt-hour; next 700,000 kilowatt-hours consumed per month at 2.5 mills per kilowatt-hour; excess over 1,000,000 kilowatt-hours consumed per month at 2 mills per kilowatt-hour.

Charge for energy in excess of 360 times the total measured demand as hereinafter defined shall be subject to a reduction of 0.5 mills per kilowatt-hour from the otherwise applicable rate.

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

Determination of Demand

Demand measurement shall be made by suitable instruments at the point of delivery. Total measured demand for any month shall be defined as the highest integrated simultaneous load during 60 consecutive minute period during the month for which determination is made.

For periods during which secondary power is not available, firm demand shall be taken as 100 per cent of the total measured demand or the contract firm demand, whichever is the greater, and there shall be no charge for secondary demand.

For months during which secondary power is available, firm demand shall be taken as 35 per cent of the total measured demand, but in no case shall the firm demand be taken as less than the highest firm demand billed customer during any period when secondary power was not available within the previous consecutive 12 months. Secondary demand shall be taken as the difference between total measured demand and firm demand. During any fractional month for which secondary demand charges are applicable, such charges shall be prorated.

[fol. 2249] Adjustment of Demand Charge for Power Factor

The customer's demand shall, whenever the normal power factor is less than 85 per cent, be determined upon the basis of 85-per cent power factor; that is, whenever said normal power factor is less than 85 per cent, the demand in kilowatts shall be taken to be 85 per cent of the kilovolt-amperes indicated.

Minimum Monthly Bill

The customer agrees to pay each month for firm power, including demand and energy, an amount not less than: \$0.90 times three-quarters of the highest measured monthly firm demand in kilowatts occurring during any month, during the previous 12-month period, or \$0.90 times the contract firm demand in kilowatts, whichever is the greater; and

Customer further agrees to pay each month for secondary power, an amount not less than \$0.30 times three-quarters of the highest measured monthly secondary demand occur-

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

ring during any month, during the previous 12-month period, or the contract secondary demand, whichever is the greater, except that in the event secondary power is not available there will be no minimum bill for secondary service. If secondary power is available for only a fraction of a month, the minimum bill for the secondary service shall be prorated. Customer shall not be obligated to pay a minimum bill for secondary power for more than 300 days in each year.

Discount for Nontransmitted Power

If necessary transmission facilities are furnished by customer and power is purchased at the switchboard of the Authority's hydroelectric generating plants, there shall be no demand charge for secondary power and the above rates shall be subject to a discount of 10 per cent.

Single Point Delivery

The above rates are based upon the supply of service through a single delivery and metering point, and at a single voltage. Separate supply for the same customer at other points of consumption, or at different voltage, shall be separately metered and billed.

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Mr. Wigglesworth: You gave us yesterday a list of the various transmission lines you are contemplating constructing if this appropriation is approved. In revising your statement, will you indicate in each case the available service in respect to the territory served.

Mr. Lilienthal: Yes, sir.

Mr. Wigglesworth: Please show the available power in the territories which the new lines will serve and the power which is actually being used in each instance in the territories served.

[fol. 2249½] Mr. Lilienthal: I do not know that I quite understand your question.

Mr. Wigglesworth: You are contemplating, for instance, a line from point A to point B, to serve point B. I think it would be interesting to the committee to know what power facilities there may be at the present time available at

EXCERPTS FROM COMPLAINANTS' EXHIBIT No. 116 FOR IDENTIFICATION (Excluded)

point B, the amount available, the sources from which it comes, and the present demand.

Mr. Lilienthal: In some instances that will be quite easy to do, but in others, where an area is involved, there may be some difficulty. I think, perhaps, a map will help to show the existing lines.

Mr. Wigglesworth: I would like to get it also in terms of power consumption and power available at the present time in each instance, as nearly as you can give it to us.

Mr. Lilienthal: We will try to give it to you as nearly as we can.

(Note by Mr. Lilienthal.—We find it impossible to answer the question in the terms in which it is stated. The question is answered in substance in testimony elsewhere in this record on power markets by areas, and by the map accompanying this statement.)

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(Here follows one photolithograph, side folio 2250)



[fol. 2251] **COMPLAINANTS' EXHIBIT No. 116**

**Hearings Before the Subcommittee of the Committee on
Appropriations, House of Representatives, 75th Con-
gress, 1st Session, on the Second Deficiency Appropria-
tion Bill for 1937**

(Original Exhibit)

(Here follows one photolithograph, side folio 2252)

COMPLAINANTS' EXHIBIT NO. 116-A

Statement showing approximate distribution of Tennessee Valley Authority employees to programs and projects as of Jan. 1, 1937

| Divisions | Total | Engineering administration in investigation and design | Norris | Wheeler | Pickwick | Iliwawee | Guntersville | Chickamauga | Electricity | Fertilizer and soil conservation | National defense | Regional studies | Other distributed |
|--------------------------------------|--------|--|--------|---------|----------|----------|--------------|-------------|-------------|----------------------------------|------------------|------------------|-------------------|
| Board of Directors..... | 17 | | | | | | | | | | | | 17 |
| Coordinator's Office..... | 18 | | | | | | | | | | | | 18 |
| Social and Economic Research..... | 37 | | | | | | | | | | | 37 | |
| Reservoir Family Removal..... | 22 | | | | | | | | | | | | 22 |
| General Office Service: | | | | | | | | | | | | | |
| Knoxville..... | 267 | | | | | | | | | | | | 267 |
| Washington..... | 12 | | | | | | | | | | | | 12 |
| Chattanooga..... | 100 | | | | | | | | | | | | 100 |
| Muscle Shoals Operations..... | 271 | | | | | | | | | | 271 | | |
| Norris Town Operations..... | 219 | | 219 | | | | | | | | | | |
| Camp Operations..... | 234 | | | 31 | 96 | | 81 | 26 | | | | | |
| Personnel..... | 185 | | | | | | | | | | | | 185 |
| Health and Safety..... | 186 | | | | | | | | | | | | 186 |
| Finance..... | 186 | | | | | | | | | | | | 186 |
| Materials and Transportation..... | 267 | | | | | | | | | | | | 267 |
| Legal..... | 85 | | | | | | | | | | | | 85 |
| Information and Library..... | 49 | | | | | | | | | | | | 49 |
| Land Acquisition..... | 211 | | | 1 | 22 | 21 | 71 | 38 | | | | | |
| Department of Electricity..... | 1,049 | | | | | | | | 1,049 | | | | |
| Engineering Administration..... | 131 | 131 | | | | | | | | | | | |
| Engineering Service..... | 229 | 229 | | | | | | | | | | | |
| Reservoir Construction..... | 575 | 49 | 39 | 123 | 40 | 282 | 17 | 13 | | | | | |
| Dam Construction..... | 8,307 | | 172 | 372 | 1,738 | 132 | 1,524 | 1,461 | | | | | |
| Reservoir Clearing..... | 1,180 | 11 | | | 632 | | 537 | | | | | | |
| Fertilizer Department..... | 617 | | | | | | | | | 617 | | | |
| Agriculture..... | 37 | | | | | | | | | 37 | | | |
| Agricultural Industries..... | 51 | | | | | | | | | 51 | | | |
| Transportation Economics..... | 7 | | | | | | | | | | | | 7 |
| Ceramics Research..... | 16 | | | | | | | | | 16 | | | |
| Cooperative Research..... | 2 | | | | | | | | | | | 2 | |
| Land Planning and Housing..... | 68 | | | | | | | | | | | 68 | |
| Engineering Planning and Design..... | 1,030 | 1,030 | | | | | | | | | | | |
| Gage Observers (part time)..... | 209 | 209 | | | | | | | | | | | |
| Geologic..... | 32 | 32 | | | | | | | | | | | |
| Forestry..... | 141 | | | | | | | | | 141 | | | |
| Total..... | 13,167 | 1,791 | 430 | 527 | 2,328 | 445 | 2,230 | 1,550 | 1,049 | 802 | 271 | 107 | 1,379 |

SECOND DEFICIENCY APPROPRIATION BILL, 1937

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[fol. 2253] **COMPLAINANTS' EXHIBIT No. 117**

Power Contract Between TVA and City of Athens, Alabama

This agreement, made and entered into this 6th day of April, 1934, pursuant to the Tennessee Valley Authority Act of 1933, between the Tennessee Valley Authority, hereinafter called "Authority" a corporation created by and acting under said Act, and the city of Athens, a municipal corporation duly organized, created, and existing under and by virtue of the laws of the State of Alabama, hereinafter called "Contractor."

Whereas Authority, by section 10 of said Act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to states, counties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas, by section 11 of said Act, it is provided that the sale of power by Authority shall be primarily for the benefit of the People of the Section as a whole, and particularly the domestic and rural consumers to whom the power can economically be made available; and

Whereas, contractor owns and operates a municipal electric distribution system, and

Whereas, Contractor desires to purchase power from Authority for municipal purposes and for re-sale and proposes to make the necessary appropriations in payment therefor; and

Whereas Contractor has by ordinance of its Council duly authorized the making of this contract, and Authority, by its by-laws and resolutions, has likewise so authorized;

Now, therefore, for and in consideration of the mutual covenants herein contained the parties hereto mutually covenant and agree as follows:

1. **Term of contract:** This contract shall become effective upon the execution hereof, and shall continue in effect for twenty years: Provided, however, That all obligations of the parties hereto with regard to the rendition of service and payment therefor shall begin at such time (hereinafter designated "Date of initial delivery") as Authority shall have acquired, by purchase or construction, such transmission facilities as may be necessary for service to Contractor, and Contractor may legally take such service: Provided

COMPLAINANTS' EXHIBIT No. 117

further, that in any case Authority may designate said date of initial delivery by giving not less than 200 days notice to contractor; and all service and payment periods hereinafter referred to shall be computed from the date of initial delivery.

[fol. 2254] 2. Acquisition of transmission facilities: Authority agrees to use all reasonable diligence in acquiring by construction or purchase transmission facilities for service to contractor.

3. Power supply: Authority will, from the date of initial delivery to the expiration hereof, supply electrical energy to contractor for municipal purposes and for resale. Contractor agrees to purchase from Authority, and Authority agrees to supply, the entire power requirements of contractor. Said energy will be delivered in the form of three phase current at approximately 60 cycles per second and approximately 2300 volts, or at such voltage as the parties may from time to time agree. The maximum amount of electricity (called "Reserve Power") which Authority agrees to supply within the first two year period, is 2000 kw., but thereafter Contractor shall have the right to increase such maximum demand as herein specified, and Authority shall deliver the same to Contractor. After two years from the date of initial delivery, as contractor foresees the necessity for more than 2000 kw. Contractor shall make written demand upon Authority for an increase of reserve power. Such increase shall take effect nine months after date of demand if the amount demanded be less than 5000 kw., twelve months after date of demand if the amount be over 5000 kw., and not over 10,000 kw., and two years after date of demand if the amount demanded be in excess of 10,000 kw.

4. Point of delivery: The energy to be supplied contractor hereunder shall be delivered at the main switchboard of contractor's present substation in the city of Athens, or at such other point as Authority may select which will not occasion greater cost to Contractor.

5. Schedule of rates: Attached hereto, and hereby made a part hereof by reference, the same as though physically incorporated herein, is a "Schedule of Rates and Charges."

COMPLAINANTS' EXHIBIT No. 117

Contractor agrees to pay for the energy supplied by Authority at the rates fixed in Schedule A, entitled "Tennessee Valley Authority Wholesale Power Rates."

6. Resale rates: In order to carry out the obligations of Authority with respect to the promotion of a wider use of electricity throughout the area in which it operates, contractor agrees to charge all of its consumers the rates prescribed for the several classes of consumers in Schedule B, entitled "Tennessee Valley Authority Resale Rates," and not to depart therefrom except with the written consent of Authority. Authority may from time to time prescribe additional resale schedules for special classes of customers or special uses of electricity, and Contractor agrees to be bound thereby. If it should appear that the rates provided for in said schedule with the surcharges provided for therein do not under economical and efficient management by contractor produce revenues sufficient to maintain the system on a self-supporting and financially sound basis then upon application by contractor, Authority shall con-[fol. 2255] sent to such changes in rates as will provide for such increased revenues as will place the system upon a self-supporting and financially sound basis when operated under economical and efficient management.

7. Rules and regulations of Authority: Attached hereto and hereby made a part hereof, by reference, the same as though physically incorporated herein, is a schedule entitled "Schedule of Rules and Regulations," and it is understood that several provisions of said Schedule, as well as the several provisions of this contract and of the Schedule of Rates and Charges, are of the essence of this contract, and that their violation by Contractor renders this contract voidable at the option of Authority, unless such violations are cured upon reasonable notice.

The Schedule of Rules and Regulations is standard and of uniform applicability to all municipal customers of Authority, and the Contractor hereby agrees to be bound, during the term hereof, by any future additions or amendments of such schedules or rules and regulations, prescribed after conference with representatives of contractor, the same as though such additions or amendments were incorporated therein. If there should be any conflict be-

COMPLAINANTS' EXHIBIT No. 117

tween any rules or regulations prescribed pursuant to this and the following article, and the terms of this Contract, the contract shall control.

8. Rules and Regulations of Contractor: In the interest of uniformity and for the protection of both Contractor and Authority Contractor agrees to adopt and enforce such rules and regulations for the sale of electricity to the public as Authority may, after conference with representatives of contractor, from time to time prescribe during the term of this contract for uniform application to all of the municipal customers of Authority deemed to have similar characteristics.

9. Declaration of Policy: This contract is entered into in a spirit of cooperation and with the desire on the part of Authority and contractor so to administer the relationship established by this contract as to operate to the benefit of Contractor and its residents and of the residents of the Tennessee Valley. In furtherance of this cooperative relationship Authority will, by every means within its power, seek to further the economic welfare of contractor by fostering and promoting the increased use of electricity within contractor's corporate limits, and by such other means as are provided by law. Contractor agrees to cooperate with Authority in such program within contractor's area of operations, and to work with Authority in furthering the economic well-being of the entire Tennessee Valley. This contract shall be construed and administered in accordance with this statement of policy.

10. Contract not transferable: Neither this contract nor any interest therein shall be transferable or assignable by contractor to any other party without the consent of Authority.

[fol. 2256] In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, (Signed) by Arthur E. Morgan, Chairman Board of Directors.

Attest: C. A. Bock, Acting Secretary.

City of Athens, (signed) by R. H. Richardson, Jr., Mayor.

Attest: R. A. Smith, City Clerk.

COMPLAINANTS' EXHIBIT No. 117

Approved as to form and correctness, as adopted by the Council of the City of Athens, Alabama.

Edward Goodrich, City Attorney.

Schedule of Rates and Charges**Schedule A—Tennessee Valley Authority Wholesale Power Rates.**

Wholesale Rate: Demand charge, \$0.90 per kw. per month.

Demand, maximum integrated sixty (60) minute period.

Charge for energy up to and including 360 times the demand: First 100,000 kilowatt hours per month, at 4 mills per kilowatt hour; next 200,000 kilowatt hours per month at 3 mills per kilowatt hour; next 700,000 kilowatt hours per month at 2.5 mills per kilowatt hour; over 1,000,000 kilowatt hours per month at 2 mills per kilowatt hour.

Charge for energy in excess of 360 times the demand shall be subject to a reduction of 0.5 mills per kw. hr. from the otherwise applicable rate.

Minimum monthly bill: The minimum bill for any month shall be equal to the demand charge for said month, but in no case less than the charge for sixty per cent (60%) of the highest demand occurring during any month within the previous twelve (12) months period.

[fol. 2257] Allowance on sales to residential consumers: Authority will adjust bill so that Contractor shall be billed at two mills per kw. hr. for at least so much energy as may be sold by contractor under the residential resale schedule at 4 mills per kw. hr.

Adjustment of demand charge: Demand charge may be adjusted if and when Authority deems necessary to correct for power factors lower than eighty-five (85%) per cent. Such adjustments will be made in such manner as to bring the demand charge to the equivalent of eighty-five (85%) power factor.

Schedule B—Tennessee Valley Authority**Resale Rates****Standard Residential Rates**

Available: To residential customers for domestic use in single family residences or apartments, at local distribu-

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tion secondary voltage, either 2-wire or 3-wire service as Contractor may require.

First 50 kilowatt hours per month at 3 cents per kilowatt hour; next 150 kilowatt hours per month at 2 cents per kilowatt hour; next 200 kilowatt hours per month at 1 cent per kilowatt hour; next 1000 kilowatt hours per month at 0.4 cents per kilowatt hour; excess over 1400 kilowatt hours per month at 0.75 cents per kilowatt hour.

Minimum monthly bill: 5-ampere meter, \$0.75; 15-ampere meter, \$1.00; 50-ampere meter, \$1.50.

Basic Commercial Rate

Available: To commercial customers taking service from Contractor's secondary system:

First 250 kilowatt hours per month at 3 cents per kilowatt hour; next 750 kilowatt hours per month at 2 cents per kilowatt hour; next 1000 kilowatt hours per month at 1 cent per kilowatt hour; excess over 2000 kilowatt hours per month at 0.8 cents per kilowatt hour.

Minimum monthly bill: 5-ampere meter, 50 kilowatt hours, \$1.50; 15-ampere meter, 66⅔ kilowatt hours, \$2.00; 50-ampere meter, 100 kilowatt hours, \$3.00.

Surcharge: Basic rate subject to a surcharge as provided for in rules and regulations.

Basic Industrial Rate

Available: To industrial power users having demands in excess of 10 kw. service at primary-distribution voltage or secondary-distribution voltage at discretion of Contractor. [fol. 2258] Demand charge: \$1.00 per kw. per month. Demand-maximum integrated Thirty (30) Minute Period.

Energy charge: First 10,000 kilowatt hours per month at 10 mills per kilowatt hour; next 25,000 kilowatt hours per month at 6 mills per kilowatt hour; next 65,000 kilowatt hours per month at 4 mills per kilowatt hour; next 400,000 kilowatt hour- per month at 3 mills per kilowatt hour; excess over 500,000 kilowatt hours per month at 2.5 mills per kilowatt hour.

Minimum monthly bill: \$1.00 per kw. of maximum demand, but in no case shall the maximum demand for billing purposes be taken as less than sixty per cent (60%) of the

COMPLAINANTS' EXHIBIT No. 117

maximum monthly demand billed during the preceding twelve (12) consecutive months.

Small-power rate: Customers having a load of 10 kw. demand or less to be billed on basic commercial rate.

Service taken under the small-power rate will be subject to a minimum bill prescribed for commercial customers.

Surcharge: Basic rate (including small-power rate) subject to surcharge, as provided for in Rules and Regulations.

Seasonal loads: Contractor may in its discretion discontinue service on seasonal loads and establish a minimum payment for idle months sufficient to cover costs involved.

Tennessee Valley Authority Schedule of Rules and Regulations

1. Measurement of demand and energy: Demand measurement shall be made by suitable instruments at the point or points of delivery, or may, at the option of Authority, be installed at some other point or points where housing facilities are available or may be made available and/or operation simplified: Provided, however, That in the event that metering is effected at some other location than at point of delivery, suitable correction shall be made of the amounts determined at such location so that the adjusted amounts will so far as possible reflect the exact quantities delivered at the actual point or points of delivery.

Demand for any month for the purpose of this contract shall be defined as the highest integrated load furnished to contractor during any 60 minute period during the month for which the determination is made.

Energy measurements shall be made by suitable watt-hour meters with the same reservation with respect to location of meters as is applicable to demand meters.

Authority will, at its own expense, install and maintain the necessary meters for measuring the maximum demand and amount of energy furnished contractor: Provided, That should these meters fail or be found inaccurate the maximum demand and amount of energy delivered will be estimated from the best information available.

[fol. 2259] 2. Space heating appliances: Contractor shall keep an accurate record of the space heating appliances installed in residences, and shall, on request furnish Authority

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with a correct schedule of all such installations showing maximum connected load in kilowatts. Contractor's monthly maximum demand shall be subject to a reduction of not to exceed sixty-five per cent of the total amount of the above schedule during the heating season beginning October 15th, and ending April 15th. The exact amount of reduction for any given month will be determined by a comparison of demand and usage before and after the heating season, and by the use of other relevant data, and will be adjusted in such manner as will not effect a reduction in billed monthly demand greater than its actual use for residence space heat purposes.

3. Failure to make payments: Payment for energy used in any calendar month shall be due on the 15th of the succeeding month, or five days after receipt of bill from Authority, whichever is the later. Upon failure of Contractor to pay for the energy used in any calendar month within fifteen (15) days after due date, Authority shall have the right to discontinue the supply of energy and refuse to resume delivery so long as any part thereof remain unpaid. Discontinuance of supply under this section or under Section 12 hereof will not relieve Contractor of its liability for the agreed minimum monthly payment during the time the supply of energy is so discontinued. To any amount remaining unpaid on the first day of the calendar month following the due date, there shall be added a penalty of one (1) per cent and an additional one (1) per cent shall be added on the first day of each succeeding month until the amount is paid in full. All payments shall be made to Authority at its offices at Wilson Dam, Florence, Alabama.

4. Interruption of service: Authority will furnish energy as agreed upon continuously so far as reasonable diligence will permit, but Authority, its officers, agents, or employees shall not be liable for damages when, for any reason, suspensions of the operation of the generation and transmission system serving contractor, or any part thereof, interfere with the delivery of electric energy to contractor, nor shall such an interruption constitute a breach of this contract on the part of Authority: Provided, That Authority shall make appropriate adjustment of the demand charge in the event of an interruption.

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5. Lower rates to other municipalities: If at any time during the term of this agreement Authority should supply electricity to any municipality at a lower rate than that applicable to contractor, and such lower rate shall not be justified by different conditions of service, making the cost to such other municipality relatively less than to Contractor, such lower rate shall be made available to contractor so long as such lower rate shall be given to such other municipality while this contract is in force.

6. Developmental surcharge: Contractor agrees not to depart from the resale rates set forth in Schedule B of the Schedule of Rates and Charges without first securing the [fol. 2260] consent of Authority: Provided, however, That contractor may apply a prompt payment discount or penalty of not to exceed 10 per cent: And provided further, That in order to maintain Contractor's Revenues in the developmental period in which the increased demand for power may not compensate for the greatly reduced rates provided for in Schedule B, Contractor may impose a surcharge upon such classes of consumers subject to a surcharge under the provisions of said Schedule. Contractor may initially determine and may from time to time vary such surcharge, with the understanding, however, that all revenues over those required for the appropriations set forth in Section 10 (a) herein shall be applied to the reduction or elimination of surcharges. Surcharges shall be based on a straight percentage of net bills, and shall apply uniformly to all members of classes as to which surcharges are authorized.

7. Adjustment of rates: In the event of a major increase or decrease in general price and wage levels of such a substantial character as materially and substantially to change the cost basis upon which the wholesale rates fixed by this contract are predicated, the parties hereto agree, by supplemental contract or contracts, or otherwise, to make appropriate adjustment of such rates. Should the cost of living index for the United States as a whole compiled by the Department of Labor of the United States show a decrease for a period of six consecutive calendar months, or for any month in said period, if index figures are not reported for each month thereof, of 20 per cent or more under the index

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figures for the index period including the month in which this contract is signed, or for any month in said period if index figures are not reported for each month thereof, contractor may in writing request authority to agree to such a reduction in rates as the circumstances may warrant, and should such index figures show a 20 per cent or more increase for the same period or month, as the case may be, Authority may in writing request Contractor to agree to such an increase in rates as the circumstances may warrant. If within thirty days after the receipt of such a request the parties shall be unable to agree to a satisfactory adjustment, the question shall be submitted to three arbitrators, one to be appointed by each of the parties, and a third to be appointed by the two so selected. A decision of the arbitrators shall require only a majority vote, and such a decision shall be final and binding upon both parties. Should either of the parties fail or refuse to appoint an arbitrator within fifteen days after receipt of written request from the other party to make such an appointment, or should the arbitrators so appointed fail to agree upon a third arbitrator within such period, Contractor shall only be liable, if costs have decreased, for the amount of its bill as computed under the rates provided for herein, less such a percentage as it may fix, such percentage in no event to exceed the per cent of decrease in the cost of living as determined by the Department of Labor; and if costs have increased, Contractor shall be liable for such an additional amount as Authority may fix, such increase not to exceed the percentage of increase in the cost of living as determined by the Department of Labor. The rates as adjusted pursuant to this Section shall be applied to the billing for the first calendar month following their determination, and shall remain in effect for the duration of the contract, unless there should be other major changes in general price levels, in which case [fol. 2261] the procedure of rate adjustment herein prescribed shall be applicable to successive changes in rates. Should the Department of Labor fail to compile and publish indices on changes in the cost of living, or publish such indices less frequently than once in every six months, other reliable indices on such changes may be used in their stead.

8. Reduction in rates: Authority agrees to reduce the wholesale rates herein fixed whenever, in the opinion of

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Authority, reduction in the cost of generating and transmitting energy make feasible such reductions in rates; it being the intention of the parties that Contractor shall participate in the benefits of reductions in the cost of generation and transmission.

9. Administration of Contractor's System: Contractor agrees:

(a) To administer its electric system as a separate department and not to mingle funds or accounts with those of any other of its operations.

(b) To keep its electric system accounts according to a system of accounts to be prescribed by Authority after conference with Contractor, which system of accounts will so far as possible be uniform with other systems prescribed and applied in other municipalities purchasing electrical energy from Authority. Authority agrees at its own expense to render advisory accounting service in the setting up and administering of such accounts.

(c) To furnish promptly to Authority such operating and financial statements relating to electric system operations as may be requested by Authority.

(d) To all the duly authorized agents of Authority to have free access to all books and records relating to electric system operations.

(e) To sell and distribute energy without discrimination between consumers of the same class, and no rate shall be charged or practice adopted which will grant a discriminatory rate, rebate or other special concession to any consumer served by Contractor. Contractor shall observe the principle that the sale of energy for industrial use shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue to permit the domestic use and such rural use as may take place under the terms of this contract at the lowest possible rates, and in such manner as to encourage increased domestic and rural use of electricity.

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10. Disposition of Contractor's revenues. Contractor agrees to dispose of revenues from the operation of its municipal electric system in the following manner:

(a) Revenues will first be used for operating expenses, after which, in the order named, revenues shall be made applicable to interest on electric system bonds and/or other indebtedness applicable to said electric system, amortization of such bonds or other indebtedness, reasonable reserves for [fol. 2262] new construction and other contingencies, payment to the general fund of contractor for Taxes at rates equivalent to the taxes assessed against other property of a similar nature, and a return on Contractor's equity of not more than 6 per cent per annum.

(b) After the appropriation of the above amounts Contractor agrees that all remaining revenue shall be applied to the reduction or elimination of surcharges, if there are any, and the balance to reduction in the rates to consumers.

11. Service to nearby areas: Contractor agrees to serve nearby rural and suburban areas whenever such service can feasibly be rendered, and to charge for said service such rates as may be agreed upon between Contractor and Authority.

12. Construction and maintenance of Contractor's equipment: All equipment, material and work in connection with Contractor's electrical installation must conform to accepted modern practice.

13. Sub-metering: Contractor shall not sell current for sub-metering or resale purposes except under a contract obligating the customer to charge no more for such service than Contractor's own rates therefor.

14. Sub-stations: If at the request of Contractor service is rendered from more than one sub-station, or at more than one voltage at the same sub-station, Authority will bill for each point of voltage separately.

[fol. 2263] Power Contract Between TVA and the City of Dayton, Tennessee, Dated September 12, 1934

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Athens, Alabama, except:

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1. The maximum amount of electricity which TVA agrees to supply within the first two year period is 750 kw.

2. The point of delivery shall be at the outgoing side of the main switch or switches on the low tension side of the main step-down transformers of a substation to be constructed at the expense of TVA on a site within the corporate limits of the City of Dayton, to be selected by TVA and municipality shall, if requested by TVA, furnish such a site.

[fol. 2264] Power Contract Between TVA and the City of Muscle Shoals, Alabama, Dated January 19, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Athens, Alabama, except:

1. The maximum amount of electricity which TVA agrees to supply within the first two year period is 750 kw.

2. The point of delivery shall be at or adjacent to the corporate limits of the City of Muscle Shoals at a point to be designated by TVA.

[fol. 2265] Power Contract Between TVA and the City of Pulaski, Tennessee, Dated March 8, 1934

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Athens, Alabama, except:

1. The maximum amount of electricity which TVA agrees to supply within the first two year period is 2000 kw.

[fol. 2266] Power Contract Between TVA and the City of Tupelo, Mississippi, Dated November 13, 1933

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Athens, Alabama, except:

1. The maximum amount of electricity which TVA agrees to supply during the first five years of operation is 7500 kva.

2. The point of delivery shall be "at the outgoing side of main switch or switches on the low tension side of the main

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step-down transformers of a substation to be constructed, owned and maintained by Authority (TVA)".

[fol. 2267] Power Contract Between TVA and the City of Amory, Mississippi, dated March 9, 1934

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Athens, Alabama, except:

1. The maximum amount of electricity which TVA agrees to supply within the first two year period is 1500 kw.

[fol. 2268] Power Contract Between TVA and the City of Okolona, Mississippi

This agreement, made and entered into this 23rd day of April, 1935, between the Tennessee Valley Authority, hereinafter called "Authority, a corporation created by and acting under the Tennessee Valley Authority Act of 1933, and the city of Okolona, a municipal corporation duly organized created, and existing under and by virtue of the laws of the State of Mississippi, hereinafter sometimes called "Municipality", and sometimes "Contractor," and

Witnesseth:

Whereas Authority, by section 10 of said act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas by section 11 of said act it is provided that the sale of power by Authority shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available; and

Whereas Municipality owns and operates a municipal electric distribution system within and adjacent to its limits, and

Whereas Municipality desires to purchase power from Authority for municipal purposes and for resale and proposes to make the necessary appropriations in payment therefor; and

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Whereas Municipality's electric plant will require improvement to take care of the additional load anticipated for the future; and

Whereas, Municipality has by ordinance of its counsel duly authorized the making of this contract and Authority, by its by-laws and resolutions, has likewise so authorized;

Now, therefore, for and in consideration of the mutual covenants herein contained, the parties hereto mutually covenant and agree as follows:

1. Term of contract: This contract shall become effective upon the execution hereof, and shall continue in effect for twenty years; Provided, however, That all obligations of the parties hereto with regard to the rendition of service and payment therefor shall begin at such time (hereinafter designated "date of initial delivery") as Authority shall have acquired, by purchase or construction and installation, such transmission and transformer facilities as may be necessary for service to Municipality. All service and payment periods hereinafter referred to shall be computed from the date of initial delivery.

[fol. 2269] 2. Acquisition of transmission facilities: Authority agrees to use all reasonable diligence in the acquisition and installation of such transmission and transformer facilities for service to Municipality.

3. Power supply: Authority will, from the date of initial delivery to the expiration hereof, supply electrical energy to Contractor for municipal purposes and for resale. Municipality agrees to purchase from Authority, and Authority agrees to supply, the entire power requirements of Municipality. Said energy will be delivered in the form of three phase, alternating current at approximately 60 cycles per second and approximately 2,300 volts, or at such voltage as the parties may from time to time agree.

4. Point of delivery: The energy to be supplied Municipality hereunder shall be delivered at the main switchboard of the present city light plant in the city of Okolona, or at such other point as Authority may select which will not occasion greater cost to Municipality. Municipality agrees to grant Authority a franchise, in form satisfactory to Authority, for the use of such streets and alleys within Muni-

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pality's limits as may be necessary to enable Authority to deliver energy at said city light plant. Municipality agrees also to lease to Authority for the terms of this contract, at a rental of one dollar (\$1.00) annually, a plot of ground suitable in nature and location for a substation site.

5. Schedule of rates: Attached hereto, and hereby made a part hereof, is a "Schedule of Rates and Charges." Municipality agrees to pay for the energy supplied by Authority at the rates fixed in schedule A-1 entitled "Tennessee Valley Authority Wholesale Power Rates."

6. Resale rates: In order to promote the more abundant use of electricity throughout the area in which Municipality operates, Municipality agrees to charge consumers the rates prescribed for the several classes thereof in schedules B-1 to B-5, inclusive, of the said Schedule of Rates and Charges, and not to depart therefrom except with the written consent of Authority: Provided, however, That Municipality shall add to its resale rates a temporary amortization charge, applicable to all customers, of one cent (1¢) per kw.-hr. for the first one hundred kw.-hr. used per month, such charge to be not less than \$0.25 nor more than \$1.00 per customer per month, but such amortization charge shall be temporary only and shall be discontinued as soon as Municipality has paid in full the principal and interest of the pledge orders now outstanding upon its present generating plant, and shall be considered only as a means of amortizing Municipality's indebtedness on this plant which is not now necessary for Municipality's electric operations; and the proceeds of such amortization charge shall be deposited in a special fund to be used only for such amortization. Authority may from time to time prescribe additional resale schedules for special classes of consumers or special uses of electricity, and Municipality agrees to be bound thereby. If it should appear that the rates provided for in said resale schedules with the surcharges provided for therein, do not under economical and efficient management by Municipality produce revenues sufficient to maintain the Municipality's electric system on a self-supporting and financially sound basis, then upon application by Municipality, Authority shall consent to such changes in rates as will provide for such increased revenues as will place the system upon a self-supporting and

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financially sound basis when operated under economical and efficient management.

7. Construction of rural lines: Authority agrees, upon request of Municipality, to construct such additional rural lines on the Municipality's electric system, within or adjacent to Chickasaw County, State of Mississippi as the parties may agree, or at its option to assist in such construction in the manner set out below. Should the Authority elect to construct said lines, at its option it may do so, (a) by construction for and on behalf of Municipality, as Municipality's agent for such construction; or (b) by construction on its own account and conveying the lines so constructed to Municipality; or (c) by construction on its own account and leasing the same to Municipality for a period of fifty years (50). If Authority should elect alternative (b) or (c) of this paragraph, Municipality agrees, at request of the Authority promptly to secure the necessary easements, franchises, and rights of way for such lines at its own expense and to transfer and assign such easements, franchises, and rights of way to Authority without charge.

At the election of Authority, in lieu of constructing the rural lines agreed upon, Authority may assist in construction by supplying Municipality with the poles, wire, transformers, hardware, and other materials and equipment necessary in the construction of such lines and with supervisory assistance, whereupon Municipality shall itself construct said lines in accordance with approved engineering standards and subject to Authority's supervision.

Authority agrees in addition to supply and at the request of Municipality, to install such additional meters, of good substantial design, and of appropriate sizes, as are required to make available a meter for every customer now served by Municipality. Municipality agrees that within three (3) months from the date hereof every customer shall be served only through a meter of good and substantial design. At the request of Municipality, Authority shall furnish such additional materials and supplies as the parties may agree.

Municipality agrees to pay Authority for any lines constructed by Authority pursuant to this paragraph for all meters, materials, supplies, and equipment furnished pursuant hereto, and for all work of construction and installa-

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tion, at the actual cost thereof as billed by Authority, plus interest at four per cent (4%) per annum on the unpaid balance from its operating revenues, in the manner set forth in section 9 hereof. In computing the cost of work performed by Authority, the costs of overhead, as billed by Authority, shall be added to direct costs.

All payments shall be made to Authority at its offices at Wilson Dam, Alabama, or at such other place as Authority may from time to time designate.

8. Operation, maintenance, and insurance of rural lines: Municipality agrees to operate the rural lines constructed by Authority, or constructed with supplies furnished by Authority, as a part of its distribution system, and to render rural electric service at the same rates and on the same terms and conditions as its urban electric service, except as specified in the "Schedule of Rates and Charges." Municipality [fol. 2271] agrees that it will at all times make, or cause to be made, at its own expense, such repairs, maintenance, renewals and replacements as shall be necessary to maintain, preserve, and keep the rural lines so constructed and the meters so installed in good repair, working order, and condition, and to maintain and preserve the efficiency thereof, and to execute such work of maintenance or improvement as Authority may deem necessary for the protection of its interest in said property, to pay all taxes and assessments thereon, of whatever nature or description, to save harmless Authority from any liability for taxes on the property sold, or leased to or constructed for Municipality, including taxes for the year 1935, and to save Authority harmless from any liability arising out of the operation of said lines or the use of said meters. Municipality agrees to keep such property, whether constructed by Authority as agent for Municipality, or constructed, purchased, or leased by Municipality, insured in such manner and amount as Authority may deem prudent and desirable, for the protection of Authority as its interest may appear.

9. Disposition of Municipality's revenues: Municipality agrees to dispose of its gross revenues from electric operations in the following manner, except as provided in section 6 hereof:

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(a) Revenues shall first be used for the payment of all operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale, and insurance.

(b) From remaining revenues Municipality shall next pay the interest on all bonds or other indebtedness applicable to Municipality's electric system, and amortization charges on all such bonds or indebtedness other than the indebtedness to authority created hereby for construction or the furnishing of meter and other equipment.

(c) Thereafter revenues shall be used to set up reasonable reserves for new construction and for contingencies, and to create a reasonable cash working capital fund. As security for Municipality's indebtedness to Authority, Municipality agrees that that Authority may in its discretion fix maximum amounts for the reserves and the fund herein authorized to be set up.

(d) From remaining revenues Municipality shall thereafter pay into its general fund a return on its investment and a tax equivalent as provided in the financial and accounting policy in the Schedule of Rules and Regulations attached hereto: Provided, however, That notwithstanding any other provision in this contract or of the rules and regulations, the amount paid into the general fund as a tax equivalent shall not exceed fifty mills per dollar of property value, less such taxes as may actually be paid to other governmental agencies.

(e) Remaining surplus revenues shall thereafter be paid over to Authority until Municipality's indebtedness to Authority on account of the construction of rural lines or the furnishing of meters and equipment by Authority, shall be satisfied.

(f) All remaining surplus revenues shall be used to reduce or eliminate surcharges to consumers, and thereafter to the reduction of rates.

[fol. 2272] Surplus revenues shall be computed as of December 31 and June 30 of each year, and shall be paid not later than February 1 and August 1, respectively.

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10. Municipality's investment in its electric system: For the purpose of this agreement the investment of Municipality in its electric system as of the date hereof is agreed to be the sum of \$10,816.82, determined as follows:

| | | |
|-------------------------------------|-------------|-------------|
| Replacement cost, new | \$73,943.00 | |
| Less accrued depreciation | 22,772.00 | |
| | | <hr/> |
| Present value | | \$50,271.00 |
| Bonds applicable to electric system | | |
| plus accrued interest | 17,650.50 | |
| Pledge orders plus accrued interest | 21,803.68 | |
| | | <hr/> |
| Total indebtedness applicable | | |
| to electric system | | 39,454.12 |
| Net investment | | 10,816.83 |

11. Payment for Municipality's energy requirements: Municipality agrees to pay its electric fund from appropriate general or special funds, for all energy required by Municipality for street lighting, water pumping, and other operations and uses not related to the operation of its electric plant, at the regular resale rates.

12. Alienation or encumbrances of property or revenues: Municipality agrees not to sell, pledge, mortgage, assign, hypothecate or otherwise alienate or encumber its electric distribution property or revenues, or any part thereof, without first securing the written approval of Authority, except that it may dispose of stocks of wares and merchandise at retail in the normal course of business.

13. Rules and regulations of Authority: Attached hereto, and hereby made a part hereof by reference, the same as though physically incorporated herein, is a schedule entitled "Schedule of Rules and Regulations", and it is understood that the several provisions of said schedule, as well as the several provisions of this contract and of the Schedule of Rates and Charges, are of the essence of this contract and that their violation by Municipality renders this contract voidable at the option of Authority, unless such violations are cured upon reasonable notice.

The Schedule of Rules and Regulations is standard and of uniform applicability to all municipal customers of

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Authority, and the Municipality hereby agrees to be bound, during the term hereof, by any future additions or amendments of such Schedule of Rules and Regulations, prescribed after conference with representatives of Municipality, the same as though such additions or amendments were incorporated herein. If there should be any conflict between any rules or regulations prescribed pursuant to this and the following article, and the terms of this contract, the contract shall control.

14. Rules and regulations of Contractor: In the interest of uniformity, and for the protection of both Municipality and Authority, Municipality agrees to adopt and enforce such rules and regulations for the sale of electricity to the public as Authority may, after conference with representatives of Municipality, from time to time prescribe during the term of this contract for uniform application to all of the municipal customers of Authority deemed to have similar characteristics.

15. Reports to Authority: Municipality agrees that, not later than the first day of August of each year, it will render a report to Authority as to the results of its operations for the preceding year ending June 30, the condition of its property, and such other information as Authority may request. Such reports shall be made in such form as Authority may prescribe. From time to time Municipality agrees promptly to render such additional reports or information to Authority as Authority may request.

16. Discrimination: Municipality agrees to render service without discrimination between consumers of the same class, and this contract shall be voidable at the option of Authority, if a discriminatory rate, rebate, or other special concession is made or given to any customer.

17. Declaration of policy: This contract is entered into in a spirit of cooperation and with the desire on the part of Authority and Municipality so to administer the relationship established by this contract as to operate to the benefit of Municipality and its residents, and of the residents of the Tennessee Valley. In furtherance of this cooperative relationship Authority will seek to further the economic welfare of Municipality by fostering and promoting the in-

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creased use of electricity within Municipality's operating area, and by such other means as are provided by law. Municipality agrees to cooperate with Authority in such program. This contract shall be construed and administered in accordance with this statement of policy.

18. Contract not transferable: Neither this contract nor any interest therein shall be transferable or assignable by Municipality to any other party without the consent of Authority.

In witness whereof, the parties hereto have caused this instrument to be signed and attested in duplicate, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,
Chairman, Board of Directors.

Attest: Charles E. Hoffman, Assistant Secretary.

City of Okolona, Mississippi, by H. S. Wilson, Mayor.

Attest: Edward D. Elias, City Clerk.

[fol. 2274] Approved as to form and correctness, as adopted by the Board of Aldermen of the city of Okolona, Mississippi.

Thos. G. Abernethy, City Attorney.

Schedule A-1.—Tennessee Valley Authority

Wholesale Power Rate

Availability: Available to all Municipal Contractors served from the transmission system of Tennessee Valley Authority.

Rate: Demand charge, \$0.90 per kw. of demand per month.

Energy charge: First 100,000 kilowatt-hours consumed per month at 4 mills per kilowatt-hour; next 200,000 kilowatt-hours consumed per month at 3 mills per kilowatt-hour; next 700,000 kilowatt-hours consumed per month at 2.5 mills per kilowatt-hour; excess over 1,000,000 kilowatt-hours consumed per month at 2 mills per kilowatt-hour.

Charge for energy in excess of 360 times the demand shall be subject to a reduction of 0.5 mill per kw.-hr. from the otherwise applicable rate.

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Determination of Demand: Demand measurement shall be made by suitable instruments at the point or points of delivery. Demand for any month shall be defined as the highest integrated load during any sixty (60) minute period during the month for which determination is made.

Adjustment of demand charge for power factor: Demand charge may be adjusted if and when Authority deems necessary to correct for power factors lower than eighty-five per cent (85%). Such adjustments will be made in such manner as to bring the demand charge to the equivalent of eighty-five per cent (85%) power factor.

Minimum monthly bill: \$0.90 per kw. of demand, but in no case shall the minimum bill be less than the charge for sixty per cent (60%) of the highest demand occurring during any month within the previous consecutive twelve (12) months' period.

Allowance on sales to residential consumers: Authority will adjust bill so that Contractor shall be billed at 2 mills per kilowatt-hour for at least so much energy as may be sold by Contractor under the residential resale schedule at 4 mills per kilowatt-hour.

Discount: Rates above are net.

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Schedule B-1—Standard Residential Rate

Availability: Available for domestic use to all residential customers served from local alternating current distribution systems.

Character of service: Alternating current service at approximately 60 cycles, 110 or 220 volts, either single-phase, two-wire or three-wire; or three-phase, three-wire or four-wire, as may be required by contractor.

[fol. 2275] **Rate:** First 50 kilowatt-hours consumed per month at 3¢ per kilowatt-hour; next 150 kilowatt-hours consumed per month at 2¢ per kilowatt-hour; next 200 kilowatt-hours consumed per month at 1¢ per kilowatt-hour; next 1,000 kilowatt-hours consumed per month at 0.4¢ per kilowatt-hour; excess over 1,400 kilowatt-hours consumed per month at 0.75¢ per kilowatt-hour.

Minimum monthly bill: \$0.75 per meter.

Payment: Above rates including amortization charge are net, the gross rates being ten per cent (10%) higher. In

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the event that the current monthly bill is not paid within ten (10) days from date of bill, the gross rates shall apply.

Service under this classification is subject to rules and regulations prescribed by Tennessee Valley Authority.

Schedule B-2—Basic Commercial Rate

Availability: Available to all commercial and all small nonresidential light, heat, and power customers whose average monthly usage does not exceed 4,000 kw.-hr. Customers using in excess of 4,000 kw.-hr. per month will be billed according to the basic industrial rate, schedule B-3.

Character of service: Alternating current service from the local distribution system at approximately 60 cycles, 110 or 220 volts; either single-phase, two-wire or three-wire; or, three-phase, three-wire or four-wire, as may be required by contractor.

Rate: First 250 kilowatt-hours per month at 3¢ per kilowatt-hour; next 750 kilowatt-hours per month at 2¢ per kilowatt-hour; next 1,000 kilowatt-hours per month at 1¢ per kilowatt-hour; excess over 2,000 kilowatt-hours per month at 0.8¢ per kilowatt-hour.

Minimum monthly bill: \$1.00 per meter.

Surcharge: Rate is subject to a developmental surcharge as provided in rules and regulations.

Payment: Above rates including surcharge and amortization charge are net, the gross rates being ten per cent (10%) higher. In the event the current monthly bill is not paid within ten (10) days from date of bill, the gross rates shall apply.

Service under this classification is subject to rules and regulations prescribed by Tennessee Valley Authority.

Schedule B-3—Basic Industrial Rate

Availability: Available to all industrial and all large nonresidential light, heat, and power customers having demands of not less than 10 kw. Service may be at primary or secondary distribution voltage at the discretion of Contractor. Small power customers of 10 kw. or less will be billed on the basic commercial rate, schedule B-2.

Character of service: Alternating current, three-phase, sixty cycles. Voltage supplied will be at the discretion of

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[fol. 2276] Contractor and will be determined by the voltage available from distribution lines in the vicinity and/or other conditions.

Rate: Demand charge: \$1.00 per kw. of demand per month.

Energy charge: First 10,000 kilowatt-hours consumed per month at 10 mills per kilowatt-hour; next 25,000 kilowatt-hours consumed per month at 6 mills per kilowatt-hour, next 65,000 kilowatt-hours consumed per month at 4 mills per kilowatt-hour; next 400,000 kilowatt-hours consumed per month at 3 mills per kilowatt-hour; excess over 500,000 kilowatt-hours consumed per month at 2.5 mills per kilowatt-hour.

Determination of demand: Demand measurement shall be made by suitable instruments at the point or points of delivery, except, at the option of Contractor, demand may be determined by inspection or test. Demand for any month shall be defined as the highest integrated load during any thirty (30) minute period during the month for which determination is made.

Adjustment of demand charge for power factor: Demand charge may be adjusted, if and when Contractor deems necessary, to correct for power factors lower than eighty-five per cent (85%). Such adjustments will be made in such manner as to bring the demand charge to the equivalent of eighty-five per cent (85%) power factor.

Minimum monthly bill: \$1.00 per kw. of demand but in no case shall the minimum bill be less than the charge for sixty per cent (60%) of the highest demand occurring during any month within the previous consecutive twelve (12) months' period.

Surcharge: Rate is subject to developmental surcharge as provided in rules and regulations.

Payment: Above rates including surcharge and amortization charge are net, the gross rates being ten per cent (10%) higher. In the event the current monthly bill is not paid within ten days (10) from date of bill, the gross rates shall apply.

Service under this classification is subject to rules and regulations prescribed by Tennessee Valley Authority.

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Schedule B-4—Seasonal Industrial Rate (Optional)

Availability: Available for seasonal service not to exceed six (6) consecutive months per year, only to industrial and large power users having demands not less than 40 kw., whose operations and business are by nature seasonal.

Character of service: Alternating current, three-phase, sixty cycles. Voltage supplied will be at the discretion of Contractor and will be determined by the voltage available from distribution lines in the vicinity and/or other conditions.

Application of rate: For the first four (4) consecutive months per season, customer will be billed according to part I of the schedule, and for remainder of such season (not to exceed two months) customers will be billed according to part II of the schedule. Rules governing payment and deposit and other rules and regulations for service under this classification apply to both part I and part II of this schedule.

[fol. 2277] **Part I. Rate:** Demand charge: \$1.60 per kw. of demand per month.

Energy charge: First 10,000 kilowatt-hours per month at 10 mills per kilowatt-hour; next 25,000 kilowatt-hours per month at 6 mills per kilowatt-hour; next 65,000 kilowatt-hours per month at 4 mills per kilowatt-hour; next 400,000 kilowatt-hours per month at 3 mills per kilowatt-hour; excess over 500,000 kilowatt-hours per month at 2.5 mills per kilowatt-hour.

Determination of demand: Demand measurement shall be made by suitable instruments at the point or points of delivery. except, at the option of Contractor, demand may be determined by inspection or test. Demand for any month shall be defined as the highest integrated load during any thirty (30) minute period during the month for which determination is made.

Adjustment of demand charge for power factor: Demand charge may be adjusted, if and when Contractor deems necessary, to correct for power factors lower than eighty-five per cent (85%). Such adjustments will be made in such manner as to bring the demand charge to the equivalent of eighty-five (85%) per cent power factor.

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Minimum monthly bill: Minimum monthly bill shall be \$1.60 per kw. of demand, but in no case shall the minimum charge for the season be less than \$4.80 per kw. of the highest demand occurring during any month of the seasonal period.

Surcharge: Rate is subject to developmental surcharge as provided in rules and regulations.

Part II. Rate: Demand charge: None.

Energy charge: First 250 kilowatt-hours per month, at 3 cents per kilowatt-hours; next 750 kilowatt-hours per month, at 2 cents per kilowatt-hour; next 1,000 kilowatt-hours per month, at 1 cent per kilowatt-hour; excess over 2,000 kilowatt-hours per month, at 0.8 cents per kilowatt-hour.

Minimum monthly bill: \$3.00 per meter.

Surcharge: Rate is subject to developmental surcharge as provided in rules and regulations.

Payment: Above rates, including surcharge and amortization charge, are net, the gross rates being ten per cent (10%) higher. In the event the current monthly bill is not paid within ten (10) days from date of bill, the gross rates shall apply.

Deposit: A deposit or suitable guarantee may be required from each customer, such deposit to be not more than twice the amount of the customer's normal monthly bill as established by application of part I of this schedule.

Service under this classification is subject to rules and regulations prescribed by Tennessee Valley Authority.

Schedule B-5.—Standard Street Lighting Rate

[fol. 2278] **Availability:** Available for street or roadway lighting for term of not less than one (1) year.

Character of service: Alternating-current service, either series or multiple system or combination.

Application of rate: Where Contractor's electric system bears the cost of operation and maintenance of the equipment used in the street or roadway lighting system, the rate consists of an energy charge at basic commercial rate, schedule B-2, and a maintenance charge.

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Where Contractor's electric system does not bear the cost of operation and maintenance of the equipment used in the street or roadway lighting system, only the energy charge will apply.

Rate: Energy charge: Same as basic commercial rate, scheduled B-2.

Maintenance charge:

| Lamp rating: | Unit charge per month |
|---|--------------------------|
| 1,000 Lumen series, or 100 watt multiple... | \$0.80 |
| 2,500 Lumen series, or 150 watt multiple... | 1.05 |
| 4,500 Lumen series, or 200 watt multiple... | 1.40 |
| 6,000 Lumen series, or 300 watt multiple... | 1.70 |
| 10,000 Lumen series, 500 watt multiple..... | 2.15 |

Surcharge: Energy charge is subject to a developmental surcharge as provided in rules and regulations. Maintenance charge is not subject to surcharge.

Payment: Above rates including surcharge are net, the gross rates being ten per cent (10%) higher. In the event the current monthly bill is not paid within ten (10) days from date of bill the gross rates shall apply.

Service under this classification is subject to rules and regulations prescribed by Tennessee Valley Authority.

The schedule of Rules and Regulations attached to and made a part of this contract are substantially the same as those attached to and made a part of the contract between TVA and the City of Athens, Alabama, except the following is in lieu of Section 10 of the Rules and Regulations of the TVA-City of Athens, Alabama, contract:

[fol. 2279] 10. Financial and accounting policy: Municipality agrees to be bound by the following statements of financial and accounting policy:

(a) Present value of Electric System: Wherever accounting records are complete and have been properly kept, the present value of the Electric System as of the date of initial delivery shall be taken as the actual historical cost of the property then in use or useful in the distribution of electricity as shown on the books less accrued depreciation. If adequate reserves have not been set up for depreciation, the

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amount of depreciation accrued shall be estimated by engineering appraisal. Wherever accounting records are incomplete or have not been kept in such manner as to permit the determination of actual historical cost, the present value shall be determined as the replacement cost new of the property in use or useful in the distribution of electricity less accrued depreciation. For the purpose of determining replacement cost new all existing property devoted to the distribution of electricity shall be included in a physical inventory. The items of such physical inventory shall then be priced on the basis of labor and materials cost then prevailing. The total direct cost of construction shall be increased by not more than 15% for general overheads.

(b) Contractor's investment: The investment of Contractor shall be defined as the present value of the system less all outstanding liabilities. Wherever general obligations have been issued by Contractor the proceeds of which have been used in electric operation and for general city purposes, an estimate shall be made of the amount of such proceeds which actually were used in the Electric System. That part of the total indebtedness which is represented by this amount shall then be allocated or assigned as an obligation of the Electric System.

(c) Maximum return: The amount of Contractor's investment in the Electric System shall be determined as of the initial date of delivery and shall be adjusted subsequently at the end of each fiscal year. Contractor shall receive a return on this investment not to exceed one-half ($\frac{1}{2}$) of one (1) per cent per month, computed on the basis of the investment as of the last day of the month next preceding.

(d) Payments in lieu of taxes: The Contractor shall be allowed from the revenues or funds of the Electric Department an amount in lieu of taxes, to be determined as follows:

(1) Tax equivalent to city property tax: The prevailing city property tax rate shall be applied to the value of the property used in electric operations.

(2) Tax equivalent to county and State property tax: If the electric operations of Contractor are not subject to

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county and State taxation, the tax equivalent paid to the city under (1) above shall be increased by application of the county and State tax rates to the value of the Electric System. If, however, the county and State governments levy taxes upon the municipal Electric System, this county and State tax equivalent will not be allowed to Contractor.

[fol. 2280] (3) Sales tax equivalent: If there is in effect in the State in which the Municipality is located a sales tax applicable to privately owned Electric Systems and such tax is not applicable to municipally owned Electric Systems, an amount equivalent to the application of such sales tax to the revenues of the municipal Electric System may be paid to the city in addition to the tax equivalent payments set forth above. The payment of this tax shall cease at such time as the State may impose a tax upon municipal Electric Systems.

(4) In determining the amount to which Contractor is entitled in lieu of taxes under (1) and (2) above the tax rate shall be applied to the value of the property as determined in paragraph (a) above plus additions, less retirements. The computations shall be made monthly and shall be based upon the value as determined in paragraph (a) above plus additions, less retirement as shown by the books at the beginning of each current taxable year.

(e) Payment by Electric Department for services: The Electric Department shall pay the salary of those persons who devote their full time to the operation of the Electric System, and an equitable portion of the salary of those persons devoting part time to the operation of the Electric System.

(f) Excessive withdrawals and reinvestments by Contractor: If, at any time, Contractor should withdraw from the funds of the Electric Department amounts, in excess of the allowable return on investment and of the tax equivalent, the city's investment shall be reduced in the amount of such excess withdrawals: Provided, however, That withdrawals of Contractor's investment shall be made only at such times and in such amounts as not to interfere with the efficient operation of the Electric System: Provided, further, That in no event shall the excess withdrawals in any fiscal year ex-

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ceed ten per cent (10%) of Contractor's investment on the initial date of delivery as set out above without the written consent of the Authority: And provided further, That in no event shall the excess withdrawals by Contractor exceed the amount of Contractor's investment in the Electric System. If, at any time, Contractor should fail to withdraw the full amount of return due on account of its investment and/or on account of tax equivalent, that part or whole of the return and/or tax equivalent which is not withdrawn shall be added to Contractor's investment.

(g) Short-term loans and advances: Contractor may borrow funds from or lend funds to the Electric Department only on a short-term basis (one year or less without the right of renewal). The amount so borrowed or loaned shall bear a rate of interest the same as the rate of return on investment determined by the governing body of Contractor not to exceed six (6%) per cent per annum. At the end of each fiscal year all borrowings and advances by Contractor and the Electric Department shall be paid or closed out by adjustment of Contractor's investment account: Provided, however, That any short-term obligations then outstanding which are to be paid in the succeeding fiscal year may remain outstanding for the unexpired term, in the discretion of the board of aldermen, or other governing body of Contractor.

(h) Action by governing body of Contractor: Except as limited in this statement, the board of aldermen or other [fol. 2281] governing body of the municipality shall determine the rate or return on Contractor's investment and/or the interest rate on loans and advances. No transfer of funds shall be made between Contractor and the Electric Department, nor shall any change in Contractor's investment in the Electric System be made except pursuant to a resolution of the board of aldermen or other governing body of Contractor.

(i) Publication of statement of Contractor's equity: The board of aldermen or other governing body of the municipality shall publish a statement of the amount of Contractor's investment in its Electric System, the outstanding short-term borrowings and advances, and all other accounts

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existing between Contractor and the Electric Department, at the close of each fiscal year. A copy of such statement shall be forwarded to Authority immediately at its office at Wilson Dam, Alabama. After the closing of the books at the end of each month, the board of aldermen or other governing body of the municipality shall make known upon demand to any taxpayer or Contractor or customer of the Electric System the amount of Contractor's investment in the Electric System.

[fol. 2282] Power Contract Between TVA and the City of New Albany, Mississippi, Dated September 13, 1934

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Okolona, Mississippi, except:

1. The point of delivery shall be at the main switchboard of the city light plant in the City of New Albany or at such other point as TVA may select which will not occasion greater cost to municipality.

2. It does not value the investment of the municipality in its electric system.

3. The Schedule of Rates and Schedule of Rules and Regulations are substantially the same as those attached to and made a part of the TVA-City of Athens, Alabama, contract.

[fol. 2283] Power Contract Between TVA and Alcorn County (Mississippi) Electric Power Association

This agreement, made and entered into this 1st day of June, 1934, pursuant to the Tennessee Valley Authority Act of 1933, between the Tennessee Valley Authority, hereinafter called "Authority", a corporation created by and acting under said act, and Alcorn County Electric Power Association, a non-profit civic improvement corporation organized, created, and existing under and by virtue of the laws of the State of Mississippi, hereinafter called "Association".

Witnesseth:

Whereas, Authority, by section 10 of said act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, coun-

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ties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas by section 11 of said act, it is provided that the sale of power by Authority shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available; and

Whereas, Authority now owns, has under construction and/or has under option to purchase from the Mississippi Power Company certain properties and facilities for the distribution of electricity in Alcorn County, State of Mississippi; and

Whereas, Association desires to acquire by purchase and/or lease certain of said properties and facilities and to operate them in the distribution of electricity on a membership basis and without profit to the residents and farmers in the area of its operations and for commercial, industrial, and municipal purposes in said area; and

Whereas, Association desires to purchase power from Authority at wholesale for use in its operations, and whereas Association and Authority have by their bylaws and resolutions authorized the execution of this contract;

Now therefore, for and in consideration of the mutual covenants herein contained, the parties hereto mutually covenant and agree as follows:

1. Incorporation of other documents: This contract is executed and shall be construed in connection with certain other conveyances and agreements of even date which are contained in a certain instrument entitled, "Sale, Lease, Trust, and Security Contract Between Tennessee Valley Authority, United States of America, and Alcorn County Electric Power Association", which instrument is attached hereto and hereby made a part hereof. Said conveyances [fol. 2284] and agreements comprise and include the following:

(a) A conveyance by Authority to Association of certain personal property of Authority, used or useful in distributing electricity at retail in Alcorn County, State of Mississippi.

(b) A lease for the term of fifty years of certain rights-of-way and easements of the United States of America en-

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trusted to Authority, used or useful in distributing electricity at retail in Alcorn County, State of Mississippi.

(c) Certain covenants intended as security for the obligations to Authority assumed herein by Association. This contract shall not become effective unless and until the instrument hereinabove described shall have been executed.

2. Term of Contract: This contract shall become effective upon the execution hereof and of the instruments hereinabove described, and shall continue in effect for 20 years; Provided, however, That Association's obligations with respect to the payment for property purchased and/or leased from Authority shall continue until such obligations have been satisfied and that Authority may continue to exercise all the power and privileges granted herein, and in the instrument described in article 1, as security for the payment of Association's indebtedness until such indebtedness shall have been satisfied.

3. Power Supply: Authority agrees to supply electrical energy to Association for its own use and for resale. Association agrees to purchase from Authority, and Authority agrees to supply the entire power requirements of Association. Said energy will be delivered in the form of three phase, alternating current at approximately 60 cycles per second and approximately 2,300 volts, or at such voltage as the parties may from time to time agree. The maximum amount of electricity (called "reserve power") which Authority agrees to supply within the first two year period is 2,500 kw., but thereafter Association shall have the right to increase such maximum demand as herein specified, and Authority shall deliver the same to Association. After two years from the date of initial delivery, as Association foresees the necessity for more than 2,500 kw., Association shall make written demand upon Authority for an increase of reserve power. Such increase shall take effect nine months after date of demand if the amount demanded is less than 5,000 kw., twelve months after date of demand, if the amount demanded is over 5,000 kw., and less than 10,000 kw., and two years after date of demand if the amount demanded is 10,000 kw. or more.

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4. Point of Delivery: The energy to be supplied Association hereunder shall be delivered at the outgoing side of the main switch or switches on the low tension side of the main step-down transformers of the substation located at Cox and White Streets in the city of Corinth, Alcorn County, Mississippi, or at such other point as Authority may select which shall not occasion greater cost to Association.

5. Payment for Property: In consideration for the property which Authority shall convey to Association by the conveyance described in article 1 (a) hereof and for the property which Authority and/or the United States of [fol. 2285] America shall lease to Association by the lease described in article 1(b) hereof, Association agrees to pay, to Authority the sum of one hundred and fourteen thousand, six hundred and thirty two dollars and sixty cents (\$114,632.60), hereinafter called the "principal obligation." Association agrees to pay interest upon unpaid balances at the rate of three and one-half ($3\frac{1}{2}$) per centum annually. Interest shall be computed semiannually, beginning six calendar months after the date of execution of this contract.

6. Construction of rural lines: Authority agrees to construct, and after construction, to lease for a period expiring not sooner than the lease described in Article 1(b) hereof and/or to convey to Association, at the option of Authority, such additional rural electric distribution or transmission lines, in or adjacent to Alcorn County, State of Mississippi, as Authority may deem advisable, but Authority shall not be obligated to construct any such lines as, added to the rural distribution or transmission lines already owned or leased by Association, shall exceed one hundred (100) miles of such lines. Association agrees to pay, in addition to the principal obligation, the actual cost to Authority, as billed by Authority, of any lines constructed and leased and/or conveyed pursuant to this article, and said additional indebtedness shall be secured in the same manner and to the same extent as the principal obligation, and shall carry the same rate of interest: Provided, however, That Association's liability for such rural lines shall not exceed \$125,000.00 without its consent in writing.

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7. Method of payment for property. Association agrees to pay over to Authority on account of its indebtedness, and until such indebtedness shall have been totally repaid, all membership fees received; provided, however, That Association may initially, and until its working capital is built up from its operations, retain so much of its membership fees as may be necessary to enable it to maintain a total cash working capital balance of \$2,500.00; Provided, further, That the indebtedness of Association to Authority shall be decreased or satisfied only by the amounts actually paid to Authority.

8. Repayment of Indebtedness: Association agrees, until it has repaid its total indebtedness to Authority, to pay to Authority, in addition to all other amounts provided for in this contract, its total surplus revenues as hereinafter defined. Such surplus revenues, if any, shall be computed as of the 15th day of each month, and shall be paid not later than the first day of the following month. All payments shall be made to Authority at its offices at Wilsen Dam, Florence, Alabama, or at such other places as Authority may from time to time designate.

9. Disposition of Association's revenues: Association agrees to dispose of its gross revenues in the following manner:

(a) Revenues shall first be used for the payment of operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale, taxes and insurance.

(b) Thereafter revenues shall be used to set up reasonable reserves for new construction and for contingencies, [fol. 2286] and to create a reasonable cash working capital fund. As further security for Association's indebtedness to Authority, Association agrees that Authority may in its discretion fix maximum amounts for the reserves and the fund herein authorized to be set up, and may direct the investment or disposition of such reserves and funds.

(c) After the payment or setting aside of the above amounts all remaining revenues shall be considered surplus revenues and shall be paid over to Authority in the

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manner prescribed above, until Association's indebtedness to Authority on account of accrued interest shall be satisfied.

(d) Remaining surplus revenues shall thereafter be paid over to Authority until Association's indebtedness to Authority on account of property purchased or leased from Authority shall be satisfied.

(e) After payment to Authority in full for property purchased from Authority, all surplus revenues shall be paid over to Authority in the manner prescribed above until Association's remaining indebtedness to Authority and/or the United States of America shall be satisfied.

(f) After the satisfaction of the indebtedness to Authority and/or the United States of America, all surplus revenues shall be used to reduce or eliminate surcharges of Association's members.

(g) After the elimination of surcharges, all surplus revenues shall be used to reimburse members to the extent of not more than the stated value of their memberships (less \$10.00 per membership, which shall be non-reimbursable) and/or to the reduction of Association's rates, as Association may determine.

10. Alienation or incumbrance of property or revenues: Association agrees not to sell, pledge, mortgage, assign, hypothecate, or otherwise alienate or incumber its electric property or revenues, or any part thereof, without first securing the written approval of Authority, except that it may dispose of stocks or wares and merchandise at retail in the normal course of business.

11. Maintenance and insurance of property: Association agrees that it will at all times make, or cause to be made, at its own expense, such repair maintenance, renewals, and replacements as shall be necessary to maintain, preserve and keep the rural lines constructed by Association in good repair, working order, and condition, and to maintain and preserve the efficiency thereof (of the plants and properties) and to execute such work of maintenance or improvement as Authority may deem necessary for the protection of its interest in said property, to pay all taxes and assessments

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thereon, of whatever nature or description, and to save harmless Authority from any liability for taxes on the property sold or leased to or constructed for Association, including taxes for the year 1934. Association agrees to keep such property, whether purchased or leased, insured in such manner and amount as Authority may deem prudent and desirable, for the protection of Authority as its interest may appear.

[fel. 2287] 12. Schedule of rates: Attached hereto, and hereby made a part hereof by reference, the same as though physically incorporated herein, is a "Schedule of Rates and Charges". Association agrees to pay for the energy supplied by Authority at the rates fixed in schedule A, entitled "Tennessee Valley Authority Wholesale Power Rates".

13. Resale Rates: (a) In order to carry out the obligations of Authority with respect to the promotion of a wider use of electricity throughout the area in which it operates, in order to further the purposes of civic improvement for which Association was organized, and as further security for the indebtedness of Association to Authority, Association agrees to charge all of its members, and non-member governmental customers, if any, the rates prescribed for the several classes of consumers in schedule B, entitled "Tennessee Valley Resale Rates" and not to depart therefrom except with the written consent of Authority. Authority may from time to time prescribe additional resale schedules for special classes of members or special uses of electricity, and Association agrees to be bound thereby. If it should appear that the rates provided for in said schedule with the surcharges provided for therein do not under economical and efficient management by Association produce revenues sufficient to maintain the system on a self supporting and financially sound basis, then upon application by Association, Authority shall consent to such changes in rates as will provide for such increased revenues as will place the system upon a self-supporting and financially sound basis when operated under economical and efficient management.

(b) Association may charge non-member customers other than governmental customers, such as other and different rates

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as may be required to yield the full cost of operation to Association, but Association agrees that such rate shall not be discriminatory as between non-member customers or classes thereof and that its non-member operations shall not be conducted for the purpose of making a profit.

14. Non-member Service: Association agrees that it will not, except after having first secured the approval of Authority, serve any non-members: Provided, however, That this provision shall not apply to service to customers who are at the time of the acquisition of any given lines by Association, taking services from such lines and who continue to take service without change of residence, nor to municipal corporations or other political agencies or subdivisions, who shall constitute "governmental customers" as used herein.

15. Terms of membership in Association: Association agrees to make its memberships available without discrimination to any person, corporation, co-partnership, association, municipality, or political body or subdivision within the area of its service. The initial stated value of memberships shall be \$100.00, but such value shall be subject to reduction as hereinafter provided. Members who pay the full membership fee in advance shall be entitled to a reduction of not to exceed 20 per cent and the advance payments of balances shall be subject to such reduction as Association may from time to time fix, not to exceed 20 per cent. [fol. 2288] The minimum initial installment on memberships shall not be fixed at less than \$10.00 without first securing the written consent of Authority, and the balance shall be payable at the rate of 1 cent per kilowatt hour for each kilowatt hour used per month up to and including 100 kilowatt-hours per month, but in no case less than twenty-five cents (\$.25) per month. The stated value of memberships shall, from time to time, be reduced by the amount of reimbursements made pursuant to article 9 hereof, and new members shall be admitted at the new stated value thus arrived at.

16. Rules and Regulations of Authority: Attached hereto and hereby made a part hereof by reference, the same as though physically incorporated herein, is a schedule entitled "Schedule of Rules and Regulations", and it is understood

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that the several provisions of said schedule, as well as the several provisions of this contract and of the Schedule of Rates and Charges are of the essence of this contract, and that their violation by Association renders this contract voidable at the option of Authority, unless such violations are cured upon reasonable notice.

Association hereby agrees to be bound, during the term hereof, by any future additions or amendments of such Schedule of Rules and Regulations, prescribed after conference with representatives of Association, the same as though such additions or amendments were incorporated herein. If there should be any conflict between the rules or regulations prescribed pursuant to this and the following article, and the terms of this contract, the contract shall control.

17. Rules and Regulations of Association: In the interest of uniformity, and for the protection of both Association and Authority, Association agrees to adopt and enforce such rules and regulations for the sale of electricity to both members and nonmembers as Authority may, after conference with representatives of Association, from time to time prescribe during the term of this contract for uniform application to all of the wholesale customers of Authority deemed to have similar characteristics.

18. Rendition of Advisory Services by Authority: Authority agrees to render advisory services to Association in problems of personnel and administration, to secure the attendance of its district engineer at meetings of the board of association, so far as may be practicable and convenient, and to make available to Association the facilities and services of its personnel division so far as may be necessary in the selection of Association's employees. Association agrees that it will not employ or retain in its employ any person deemed by Authority not to qualify for his position or whose services Authority may deem to be unnecessary.

19. Customers Deposits and Accounts Receivable: Authority agrees to turn over to Association all deposits of active customers served by the lines conveyed pursuant to article 1 (a) hereof, with accrued interest thereon, plus all

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accounts receivable from such customers for sales of electricity and electrical appliances and merchandise. Association agrees to assume full responsibility for the disposition of such deposits and accrued interest and to save Authority harmless with respect thereto, and agrees further to act as agent of Authority in the collection of ac-[fol. 2289] counts receivable, and promptly to remit to Authority all collections of such accounts. Association agrees to use all customary and usual methods of collecting such accounts, including exercise of the right of discontinuance of service for failure of payment thereof.

20. Use of Association's Lines: Authority shall have the right, to the extent of the transmission capacity of Association's lines, to the free use of Association's poles and wires for transmission purposes, and for service to industrial customers with a demand of 1,000 KW or more who elect to take service from Authority.

21. Reports to Authority: Association agrees that, not later than the first of February of each year, it will render a report to Authority as to the results of its operations of the preceding year, the condition of its property, and such other information as Authority may request. Such reports shall be made in such form as Authority may prescribe. From time to time Association agrees promptly to render such additional reports or information to Authority as Authority may request.

22. Bonding of Employees: Association agrees to bond in a reasonable amount all employees whose duties require or permit them to handle or dispose of money belonging to Association.

23. Discrimination: Association agrees to render service without discrimination between consumers of the same class, and this contract shall be voidable at the option of Authority, if a discriminatory rate, rebate, or other special concession is made or given to member or non-member customers.

24. Declaration of Policy: This contract is entered into in a spirit of cooperation and with the desire on the part of Authority and Association so to administer the relation-

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ship established by this contract as to operate to the benefit of the area served by Association and the residents thereof and of the residents of the Tennessee Valley. In furtherance of this cooperative relationship, Authority will, by every means within its power, seek to further the economic welfare of such area by fostering and promoting the increased use of electricity therein, and by such other means as are provided by law. Association agrees to cooperate with Authority in such program within Association's area of operation and to work with Authority in furthering the economic well-being of the entire Tennessee Valley. This contract shall be construed and administered in accordance with this statement of policy.

25. Contract not transferable: Neither this contract nor any interest therein shall be transferable or assignable by Association to any other party without first securing the written consent of Authority.

In witness whereof, the parties hereto have caused this instrument to be signed and attested at Corinth, Mississippi, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,
Chairman, Board of Directors.

Attest: C. A. Bock, Acting Secretary.

Alcorn County Electric Power Association, by B. F.
Liddon, President.

Attest: J. M. Peavey, Secretary.

[fol. 2290] The schedule of Rates and Charges and schedule of Rules and Regulations are substantially the same as those attached to and made a part of the TVA-City of Athens, Alabama, contract.

[fol. 2291] Power Contract Between TVA and Pontotoc County (Mississippi) Electric Power Association, Dated February 15, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and Alcorn County (Mississippi) Electric Power Association, except:

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1. The maximum amount of electricity which TVA agrees to supply within the first two year period is 1000 kw.
2. The point of delivery shall be at the metering equipment used on the Lee-Pontotoc county line or at such other point as may be mutually agreed upon.
3. The amount to be paid for the property which TVA shall convey to Pontotoc County Electric Power Association and for the property which TVA shall lease to said Association is stated to be \$67,645.36.
4. The Association's liability for additional rural lines shall not exceed \$40,000 without its written consent.

[fol. 2292] Power Contract Between TVA and Prentiss County (Mississippi) Electric Power Association

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and Alcorn County (Mississippi) Electric Power Association, except:

1. The maximum amount of electricity which TVA agrees to supply within the first two year period is 2000 kw.
2. The point of delivery shall be at the metering equipment situated on the low tension side of the substation in Booneville, Mississippi, or at such other point as may be mutually agreed upon.
3. The amount to be paid for the property which TVA shall convey to Prentiss County Electric Power Association and for the property which TVA shall lease to said Association is stated to be \$82,923.77.
4. The Association's liability for additional rural lines shall not exceed \$25,000 without its written consent.

[fol. 2293] COMPLAINANTS' EXHIBIT No. 118

Power Contract Between TVA and City of Dickson,
Tennessee

This agreement, made and entered into this 23rd day of October, 1935, between the Tennessee Valley Authority,

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hereinafter called Authority, a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and the town of Dickson, Tenn., a municipal corporation duly organized, created, and existing under and by virtue of the laws of the State of Tennessee, hereinafter called municipality, its successors and assigns.

Witnesseth:

Whereas Authority, by section 10 of said act is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas municipality, by legislative authority, owns and operates a municipal electric distribution system; and

Whereas municipality desires to purchase power from Authority for municipal purposes and for resale and proposes to pay therefor; and

Whereas, after investigation by Authority, it appears that quantities of power generated at Wilson Dam, Ala., sufficient to meet the requirements of municipality, under the terms of this contract, will be available for sale by Authority after all requirements of authority and of the United States have been fulfilled; and

Whereas all parties to this contract have duly authorized its execution:

Now, therefore, for and in consideration of the mutual covenants herein contained, and subject to all of the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

1. Term of contract.—This contract shall become effective upon the execution thereof, and shall continue in effect for 20 years: Provided, however, That all obligations of the parties hereto with regard to the rendition of service and payment therefor shall begin at such time (hereinafter designated "date of initial delivery") as Authority shall have constructed and installed the transmission and transformation facilities necessary in the opinion of Authority [fol. 2294] for such service. All service and payment periods hereinafter referred to shall be computed from the date of initial delivery.

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2. Construction of transmission facilities.—Authority agrees, with all reasonable diligence, and within one year from the date hereof, to construct and install the transmission and transformation facilities reasonably necessary in the opinion of Authority for continuous and dependable service, giving due consideration to the actual magnitude of municipality's load requirements.

3. Power Supply.—Authority will, from the date of initial delivery to the expiration hereof, supply electricity to municipality for municipal purposes and for resale. Municipality agrees to purchase from Authority, and Authority agrees to supply, the entire electricity requirements of municipality: Provided, however, That should such requirement be in excess of 750 kilowatts demand, Authority shall not be obligated to deliver such excess except on written demand and after reasonable notice, as hereinafter provided. As municipality foresees the necessity for more than 750 kilowatts it may, from time to time, make such written demand for additional power, which demand shall take effect 9 months after date of demand if amount demanded be 5,000 kilowatts or less, 12 months after date of demand if the amount demanded be over 5,000 kilowatts but not over 10,000 kilowatts, and 2 years after date of demand if the amount demanded be in excess of 10,000 kilowatts. Said energy shall be delivered in the form of 3-phase, alternating current, at approximately 60 cycles per second and approximately 2,300 volts, or at such other voltage as the parties may, from time to time, agree. While it is not the function of Authority to guarantee accurate time by the maintenance of accurate frequency, Authority agrees to supply such frequency as is recognized to be good commercial frequency on a hydroelectric system.

4. Point of delivery.—Authority will deliver the electricity purchased hereunder at the present city light plant, located in the third ward, on a plot of ground 50 feet by 50 feet, to be furnished gratis to Authority by municipality for the period hereof and Authority shall have free right of ingress and egress from said plot. The energy to be supplied hereunder shall be metered at the low tension side of the stepdown transformer bank or banks of the substation or substations to be constructed, owned, and operated

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by Authority, and Authority will install only such oil circuit breakers as in its opinion are necessary for the protection of its transformer bank or banks and the transmission lines or transmission lines supplying energy to such substations.

5. Schedule of rates.—Attached hereto, and hereby made a part hereof, is a "schedule of rates and charges." Municipality agrees to pay for the energy supplied by authority at the rates fixed in schedule A-1 entitled "Wholesale power rate." All payments shall be made to Authority at its offices at Wilson Dam, Ala., or at such other place as Authority may from time to time designate.

6. Resale rates.—In order to facilitate the disposition of surplus power generated by Authority and not needed by it in its operations, and in order to carry out the intention of Congress to encourage the more abundant use of electricity throughout the area in which municipality operates, municipality agrees to charge consumers the rates set forth for the several classes thereof in schedules B-1 to B-5, inclusive, of the said schedule of rates and charges, and not to depart therefrom except by agreement of the parties: Provided, however, That this contract shall not affect the rights of municipality under any existing contract of lease whereby rentals are made a part of electricity rates, not to take and deposit in its general funds any excess revenues under such contract over the revenues from the rates set forth herein. Additional resale schedules for special classes of consumers or special uses of electricity may be added from time to time by agreement of the parties. The term "contractor" in said schedule shall be construed to mean municipality. If it should appear that the rates provided for in said resale schedules with the surcharge provided for therein do not produce revenues sufficient to operate and maintain municipality's electric system on a self-supporting and financially sound basis.

7. Disposition of municipality's revenues.—Municipality, deeming it necessary for the purpose of this contract, and for the purpose of providing reasonable rates for electric service pursuant to this contract and to the law, agrees to dispose of its gross revenues from electric operations in the following manner:

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(a) Revenues shall first be used for the payment of all current operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale, and insurance.

(b) From remaining revenues municipality shall next currently provide for the payment at maturity of interest accrued on all bonds or other indebtedness applicable to municipality's electric system, and for amortization charges on all such bonds or other indebtedness and/or sinking fund payments thereon.

(c) Thereafter revenues shall be used currently to set up reasonable reserves for replacements, new construction and for contingencies, and to provide a reasonable amount of cash working capital.

(d) From remaining revenues municipality shall thereafter pay into its general fund a return on its investment and a tax equivalent as provided in the financial and accounting policy in the schedule of terms and conditions of [fol. 2296] contract attached hereto.

(e) All remaining revenues shall be considered surplus revenues and may be devoted by municipality to the purchase or retirement of bonds or other indebtedness applicable to the electric system before maturity, and if not so devoted shall serve as the basis for the reduction or elimination of surcharges to consumers, and thereafter for the reduction of rates.

Surplus revenues shall be computed as of December 31 and June 30 of each year.

8. Municipality's investment in electric system.—For the purpose of this agreement the investment of municipality in its electric system, including stand-by value of generating plant, as of the date hereof is agreed to be the sum of \$60,315, determined as follows:

| | |
|---|----------|
| Replacement cost new of distribution system | \$60,450 |
| Less accrued depreciation | 18,135 |
| | <hr/> |
| Present value of distribution system | 42,315 |
| Present stand-by value of generating plant | 18,000 |
| | <hr/> |
| Total | 60,315 |

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| | |
|---|----------|
| Bonds applicable to electric system plus accrued interest | None. |
| Other indebtedness applicable to electric system .. | None. |
| Total indebtedness applicable to electric system | None. |
| Net Investment | \$60,315 |

9. Payment for municipality's energy requirements.—Municipality agrees to pay into its electric funds from appropriate general or special funds for all electric service required by municipality for street lighting, waterpumping and other operations and uses, at the resale rates as set forth in the schedule of rates and charges with such modifications and additions as may from time to time be agreed upon by the parties.

10. Terms and conditions; rules and regulations.—Attached hereto, and hereby made a part hereof, are two schedules, entitled respectively "Schedule of terms and conditions of contract" and "Schedule of rules and regulations", and it is understood and agreed that the provisions of either or both schedules may from time to time be changed or supplemented by agreement of municipality and Authority. The term "Distributor" in the latter schedule shall be construed to mean municipality. It is understood and agreed that the several provisions of the said schedules, [fol. 2297] with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the schedule of rates and charges, are of the essence of this contract. Municipality hereby adopts said schedule of rules and regulations as the rules and regulations of municipality.

11. Reports to Authority.—Municipality agrees that, not later than the first day of September of each year, it will render to Authority a complete report, in such form as Authority may prescribe, of the results of its operations for the preceding year ending June 30, the condition of its property, and such other information as Authority may reasonably request, municipality agrees promptly to render such additional reports and information to Authority as Authority may from time to time reasonably request.

12. Discrimination.—Municipality agrees that the surplus power purchased hereby shall be sold and distributed to the ultimate consumer without discrimination between consumers of the same class, and that no discriminatory rate, rebate or other special concession will be made or given to any customer.

13. Waiver of defaults.—Any waiver at any time by either party hereto of its rights with respect to any default of the other party hereto and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

14. Contract not transferable.—Neither this contract nor any interest therein shall be transferable or assignable by municipality to any other party without the consent of Authority.

In witness whereof, the parties hereto have caused this instrument to be signed and attested in duplicate, by their duly authorized officers the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,
Chairman, Board of Directors J. C. S., Leg. Div.

Attest: Charles E. Hoffman, Assistant Secretary.

Town of Dickson, Tenn., by D. B. Beasley, Mayor.

Attest: Robert S. Clement, Recorder.

[fol. 2298] Schedule of Rates and Charges

(Wherever the term "Schedule of terms and conditions" is used it refers to the schedule of terms and conditions of contract of which the schedule of rates and charges is a part.)

Wholesale Power Rate-Schedule A-1

Rate

Demand Charge.—Ninety cents per kilowatt of demand per month.

Energy charge.—First 100,000 kilowatt-hours consumed per month at 4 mills per kilowatt-hour; next 200,000 kilowatt-hours consumed per month at 3 mills per kilowatt-hour; next 700,000 kilowatt-hours consumed per month at 2.5 mills

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per kilowatt-hour; excess over 1,000,000 kilowatt-hours consumed per month at 2 mills per kilowatt-hour. Charge for energy in excess of 360 times the demand shall be subject to a reduction of 0.5 mills per kilowatt-hour from the otherwise applicable rate.

Determination of Demand

Demand measurement shall be made by suitable instruments at the point or points of delivery. Demand for any month shall be defined as the highest integrated simultaneous load during any 60-minute period during the month for which determination is made.

Adjustment for Demand Charge for Power Factor

Demand charge may be adjusted if and when Authority deems necessary to correct for power factors lower than 85 percent. Such adjustments will be made in such manner as to bring the demand charge to the equivalent of 85 percent power factor.

Minimum Monthly Bill

Ninety cents per kilowatt of demand, but in no case shall the minimum bill be less than the charge for 60 percent of the highest demand occurring during any month within the previous consecutive 12 months' period.

Allowance on Sales to Residential Consumers

Authority will adjust bill so that contractor shall be billed at 2 mills per kilowatt-hour for at least so much energy as may be sold by contractor under the residential resale schedule at 4 mills per kilowatt-hour.

Discount

Rates above are net.

[fol. 2299] Standard Residential Rate—Schedule B-1

Availability

Availability for domestic use to all residential customers served from local alternating-current distribution systems.

Character of Service

Alternating-current service at approximately 60 cycles, 110 or 220 volts, either single phase, 2-wire or 3-wire, or 3-phase, 3-wire, or 4-wire, as may be required by contractor.

Rate

First 50 kilowatt-hours consumed per month at 3 cents per kilowatt-hour; next 150 kilowatt-hours consumed per month at 2 cents per kilowatt-hour; next 200 kilowatt-hours consumed per month at 1 cent per kilowatt-hour; next 1,000 kilowatt-hours consumed per month at 0.75 cents per kilowatt hour.

Minimum Monthly Bill

Seventy-five cents per meter.

Payment

Above rates are net, the gross rates being 10 percent higher. In the event that the current monthly bill is not paid within 10 days from date of bill, the gross rates shall apply.

Service under this classification is subject to rules and regulations of contractor.

Basic Commercial Rate—Schedule B-2

Availability

Available to all commercial and all small non-residential light, heat, and power customers having demands not greater than 20 kilowatts and whose average monthly usage does not exceed 4,000 kilowatt-hours. Customers with demands exceeding 20 kilowatts and/or using on the average in excess of 4,000 kilowatt-hours per month will be billed according to the basic industrial rate, schedule B-3.

Character of Service

Alternating-current service from the local distribution system at approximately 60 cycles, 110 or 220 volts; either single-phase, 2-wire or 3-wire; or, 3-phase, 3-wire, or 4-[fol. 2300] wire, as may be required by contractor.

Rate

First 250 kilowatt-hours per month at 3 cents per kilowatt-hour; next 750 kilowatt-hours per month at 2 cents per

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kilowatt-hour; next 1,000 kilowatt-hours per month at 1 cent per kilowatt-hour; excess over 2,000 kilowatt-hours per month at 0.8 cent per kilowatt-hour.

Determination of Demand

In the event of question arising as to the demand, or upon the written request of the customer, it shall be determined by inspection or test, at the option of contractor. The demand for any month shall be defined as the highest integrated load during any 30-minute period during the month for which the determination is made.

Minimum Monthly Bill

\$1 per meter.

Surcharge

Rate is subject to a surcharge as provided in schedule of terms and conditions.

Payments

Above rates, including surcharge, are net, the gross rates being 10 percent higher. In the event the current monthly bill is not paid within 10 days from date of bill, the gross rates shall apply.

Service under this classification is subject to rules and regulations of contractor.

Basic Industrial Rate—Schedule B-3**Availability**

Available to all industrial and all large non-residential light, heat, and power customers having demands greater than 20 kilowatts and/or customers whose average monthly usage exceeds 4,000 kilowatt-hours. Customers with demands not greater than 20 kilowatts and using on the average not in excess of 4,000 kilowatt-hours per month will be billed according to the basic commercial rate, schedule B-2.

Character of Service

Alternating current, 3-phase, 60 cycles. Voltage supplies will be at the discretion of contractor and will be determined

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by the voltage available from distribution lines in the vicinity and/or other conditions.

[fol. 2301]

Rate

Demand Charge.—\$1 per kilowatt of demand per month.

Energy Charge.—First 10,000 kilowatt-hours consumed per month at 10 mills per kilowatt-hour; next 25,000 kilowatt-hours consumed per month at 6 mills per kilowatt-hour; next 65,000 kilowatt-hours consumed per month at 4 mills per kilowatt-hour; next 400,000 kilowatt-hours consumed per month at 3 mills per kilowatt-hour; excess over 500,000 kilowatt-hours consumed per month at 2.5 mills per kilowatt-hour.

Determination of Demand

Demand measurement shall be made by suitable instruments at the point or points of delivery, except, at the option of contractor, demand may be determined by inspection or test. Demand for any month shall be defined as the highest integrated load during any 30-minute period during the month for which determination is made.

Adjustment of demand charge for power factor

Demand charge may be adjusted, if and when contractor deems necessary, to correct for power factors lower than 85 per cent. Such adjustments will be made in such manner as to bring the demand charge to the equivalent of 85 per cent power factor.

Minimum Monthly Bill

\$1 per kilowatt of demand, but in no case shall the minimum bill be less than the charge for 60 per cent of the highest demand occurring during any month within the previous consecutive 12 months' period.

Surcharge

Rate is subject to a surcharge as provided in schedule of terms and conditions.

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Payment

Above rates, including surcharge, are net, the gross rates being 10 per cent higher. In the event the current monthly bill is not paid within 10 days from date of bill, the gross rates shall apply.

Service under this classification is subject to rules and regulations of contractor.

[fol. 2302] Seasonal Industries Rate (Optional)—Schedule
B-4

Availability

Available for seasonal service not to exceed 6 consecutive months per year only to industrial and large power users having demands not less than 25 kilowatts whose operations and business are by nature seasonal.

Character of Service

Alternating current, 3-phase, 60 cycles.—Voltage supplied will be at the discretion of contractor and will be determined by the voltage available from distribution lines in the vicinity and/or other conditions.

Application of Rate

For the first 4 consecutive months per season customer will be billed according to part I of the schedule, and for remainder of such season (not to exceed 2 months) customer will be billed according to part II of the schedule. Rules governing payment and deposit and other rules and regulations for service under this classification apply to both part I and part II of this schedule.

Rate—Part I

Demand charge.—\$1.60 per kilowatt of demand per month.

Energy charge.—First 10,000 kilowatt-hours per month, at 10 mills per kilowatt-hour; next 25,000 kilowatt-hours per month at 6 mills per kilowatt-hour; next 65,000 kilowatt-hours per month at 4 mills per kilowatt-hour; next 400,000 kilowatt-hours per month at 3 mills per kilowatt-hour; ex-

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cess over 500,000 kilowatt-hours per month at 2.5 mills per kilowatt-hour.

Determination of Demand

Demand measurement shall be made by suitable instruments at the point or points of delivery, except, at the option of the contractor, demand may be determined by inspection or test. Demand for any month shall be defined as the highest integrated load during any 30-minute period during the month for which determination is made.

Adjustment of Demand Charge for Power Factors

Demand charge may be adjusted, if and when contractor deems necessary, to correct for power factors lower than 85 per cent. Such adjustments will be made in such manner as to bring the demand charge to the equivalent of 85 per cent power factor.

[fol. 2303]

Minimum Monthly Bill

Minimum monthly bill shall be \$1.60 per kilowatt of demand, but in no case shall the minimum charge for the season be less than \$4.80 per kilowatt of the highest demand occurring during any month of the seasonal period.

Surcharge

Rate is subject to a surcharge as provided in schedule of terms and conditions.

Rate—Part II

Demand charge.—None.

Energy charge.—First 250 kilowatt-hours per month at 3 cents per kilowatt-hour; next 750 kilowatt-hours per month at 2 cents per kilowatt-hours; next 1,000 kilowatt-hours per month at 1 cent per kilowatt-hour; excess over 2,000 kilowatt-hours per month at 0.8 cent per kilowatt-hour.

Minimum Monthly Bill

\$3 per meter.

Surcharge

Rate is subject to a surcharge as provided in schedule of terms and conditions.

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Payment

Above rates including surcharge are net, the gross rates being 10 per cent higher. In the event the current monthly bill is not paid within 10 days from date of bill the gross rates shall apply.

Deposit

A deposit or suitable guarantee may be required from each customer, such deposit to be not more than twice the amount of the customer's normal monthly bill as established by application of part of this schedule.

Service under this classification is subject to rules and regulations of contractor.

Standard Street Lighting Rate—Schedule B-5
Availability

Available for street or roadway lighting for term of not less than 1 year.

[fol. 2304]

Character of Service

Alternating-current service, either series or multiple system or combination.

Application of Rate

Where contractor's electric system bears the cost of operation and maintenance of the equipment used in the street or roadway lighting system, the rate consists of an energy charge at basic commercial rate, schedule B-2, and a maintenance charge.

Where contractor's electric system does not bear the cost of operation and maintenance of the equipment used in the street or roadway lighting system, only the energy charge will apply.

Rate

Energy charge.—First 250 kilowatt-hours per month at 3 cents per kilowatt-hour; next 750 kilowatt-hours per month at 2 cents per kilowatt-hour; next 1,000 kilowatt-hours per month at 1 cent per kilowatt-hour; excess over 2,000 kilowatt-hours per month at 0.8 cent per kilowatt-hour.

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Maintenance charge

| Lamp rating: | Unit charge per month |
|--|--------------------------|
| 1,000 Lumen series, or 100-watt multiple..... | \$0.80 |
| 2,500 Lumen series, or 150-watt multiple..... | 1.05 |
| 4,000 Lumen series, or 200-watt multiple..... | 1.40 |
| 6,000 Lumen series, or 300-watt multiple..... | 1.70 |
| 10,000 Lumen series, or 500-watt multiple..... | 2.15 |

Surcharge

Energy charge is subject to a surcharge as provided in schedule of terms and conditions.

Payment

Above rates, including surcharge, are net, the gross rates being 10 per cent higher. In the event the current monthly bill is not paid within 10 days from date of bill the gross rates shall apply.

[fol. 2305] Service under this classification is subject to rules and regulations of contractor.

Schedule of Terms and Conditions of Contract

1. Measurement of demand, energy, and power factor.—Demand and energy measurements shall be made by suitable instruments at the point or points of delivery or may, at the option of Authority, be made at some other point or points where housing facilities are available or may be made available and/or operation simplified; Provided, however, that in the event the metering is effected at some other location than at point of delivery, suitable correction shall be made by Authority of the amounts determined at such location so that adjusted amounts will so far as possible reflect the exact quantities delivered at the actual point or points of delivery.

Authority will, at its own expense, install and maintain the necessary meters for measuring the maximum demand and the amount of energy furnished municipality; Provided, that should these meters fail or be found inaccurate the maximum demand and amount of energy delivered will be

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estimated by Authority from the best information available. Authority may also, at its option, from time to time measure power factor. Municipality shall permit the use of its housing facilities, ducts, and supports for Authority's metering equipment.

Municipality shall have the right to install, equip and maintain at its own expense suitable instruments for measuring demand, power factor, and energy adjacent to Authority's measuring devices for purposes of a check on said devices, and Authority agrees that it will so far as practicable provide suitable facilities for the installation of such metering devices within its substation enclosures.

2. Meter tests.—Authority will, at its own expense, and in the presence of representatives of municipality, make periodical tests and inspections of its meters in order to maintain a high standard of accuracy. Authority will make additional tests or inspections of its meters at the request of municipality, and in the presence of representatives of municipality. If such additional tests show that the meter is accurate within 2 per cent, slow or fast, no adjustment will be made in municipality's bill and the testing charge will be paid by municipality. In case the tests show the meter to be in excess of 2 per cent, fast or slow, an adjustment shall be made in municipality's bill over a period of not over 30 days prior to date of such test, and cost of making test shall be borne by Authority.

3. Municipality's lines and equipment—Ownership.—All lines and substations from point of delivery (as defined in the contract of which these terms and conditions are a part), and all electrical equipment, except the metering equipment of Authority, located on Municipality's side of such point of delivery, shall be furnished and maintained by Municipality.

[fol. 2306] 4. Inspections.—Authority shall have the right, but shall not be obligated, to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or equipment not in accordance with Authority's reasonable standards; but such inspection, or failure to inspect, or to reject, shall not render Authority liable or responsible for any loss or damage re-

sulting from defects in the installation of any electrical equipment, or from violation of the contract of which these terms and conditions are a part, or from accidents which may occur upon municipality's premises.

5. Municipality's responsibility for Authority's property.—All meters, service connections, and other equipment furnished by Authority shall be, and remain, the property of Authority. Municipality shall exercise proper care to protect the property of Authority or municipality's premises, and in the event of loss or damage to Authority's property, arising from neglect of municipality to care for same, the cost of necessary repairs or replacement shall be paid by municipality.

6. Right of access.—Authority's identified employees shall have access to municipality's premises at all reasonable times for the purpose of reading meters and for testing, repairing, renewing, or exchanging any or all equipment belonging to Authority.

7. Additional load.—The service connection, transformers, meters, and equipment supplied by Authority for municipality have definite capacity and no addition to the equipment or load connected thereto, in excess of such capacity, shall be made except after reasonable notice to Authority. Failure to give such notice of additions or changes in load shall render municipality liable for any damage to Authority's lines or equipment caused by the additional or changed installation.

8. Municipality's lines and equipment Standards.—All lines and equipment of municipality must conform to accepted modern practice, as exemplified by the requirements of the National Electrical Safety Code and the National Electric Code.

9. Accounting and handling of funds.—Municipality agrees:

(a) To administer its electric system as a separate department, to establish and maintain a separate fund for its revenues from electrical operations, and not to mingle funds or accounts with those of any other of its operations.

(b) To keep the general books of accounts of its electric system according to a system of accounts to be prescribed

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by Authority after conference with municipality, which system of accounts will so far as possible be uniform with other systems prescribed and applied in other municipalities purchasing electrical energy from Authority. Authority will render such advisory accounting service in the setting up and administering of such accounts as Authority may deem reasonable.

(c) To furnish promptly to Authority such operating and financial statements relating to electric system operations [fol. 2307] as may reasonably be requested by Authority.

(d) To allow the duly authorized agents of Authority to have free access at all reasonable times to all books and records relating to electric system operations.

10. Financial and accounting policy.—Municipality agrees to be bound by the following statement of financial and accounting policy:

(a) Present value of electric system.—Wherever account records are complete and have been properly kept, the present value of the electric system as of the date of initial delivery shall be taken as the actual historical cost of the property then in use or useful in the distribution of electricity as shown on the books, including reasonable spare capacity for expansion and reasonable quantities of materials and supplies, less accrued depreciation, plus property under construction and a reasonable amount of cash working capital. If adequate reserves have not been set up for depreciation, the amount of depreciation accrued shall be estimated by engineering appraisal. Whenever accounting records are incomplete or have not been kept in such manner as to permit the determination of actual historical cost, the present value shall be determined as the replacement cost new of the property devoted to the distribution of electricity shall be included in a physical inventory. The items of such physical inventory shall then be priced on the basis of labor and materials cost then prevailing. The total direct cost of construction shall be increased by not more than 15 per cent for general overheads.

(b) Municipality's investment. The initial investment of municipality shall be defined as the present value of the system (i. e., as of the date of initial delivery), less all

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outstanding liabilities incurred in connection with the construction or acquisition of the electric system. Wherever general obligations have been issued by municipality, the proceeds of which have been used for both electric construction on operations and for general city purposes, an estimate shall be made of the amount of such proceeds which actually were used in the electric system. That part of the total indebtedness which is represented by this amount shall then be allocated or assigned as an obligation of the electric system. The initial investment as above defined shall be increased only as herein specifically provided and by the payment of moneys from the funds of municipality (other than the electric fund) for the payment of debt incurred by or on account of the electric system or otherwise for the benefit of the electric system.

(c) **Maximum returns.**—The amount of municipality's investment in the electric system shall be determined as of the date of initial delivery and shall thereafter be adjusted as necessary from time to time and in any case at the end of each fiscal year. Municipality shall receive a return on this investment each month not to exceed one-half of 1 per cent per month, computed on the basis of the investment as of the last day of the month next preceding.

[fol. 2308] (d) **Payments in lieu of taxes.**—Municipality may take from the electric department revenues or funds for the general funds of municipality an amount in lieu of taxes, to be determined as follows:

(1) The prevailing municipal property tax rate shall be applied to the value of the property used in electric operations within the municipal limits.

(2) The tax equivalent paid to municipality's general funds under (1) above shall be increased by application of the county and State tax rates to the value of the electric system, unless the county and/or State governments levy property taxes upon the electric system, in which case municipality shall not take the county and State tax equivalent for such taxes as are assessed.

(3) In determining the amount to which municipality is entitled in lieu of taxes under (1) and (2) above the tax

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rate shall be applied to the value of the property as determined in paragraph (a) above plus additions, less retirements. The tax computations and remittances in lieu of such taxes shall be made monthly and shall be based upon the value as determined in paragraph (a) above plus additions, less retirements as shown by the books at the beginning of each current taxable year.

(e) Payment by electric department for services.—The electric department shall pay the salary of those persons who devote their full time to the operation of the electric system, and an equitable portion of the salary of those persons devoting part time to the operation of the electric system.

(f) Withdrawals and reinvestments by municipality.—If, at any time, municipality should withdraw from the funds of the electric department for municipality's general funds amounts in excess of the allowable return on investment and of the tax equivalent, municipality's investment shall be reduced in the amount of such excess withdrawals. Withdrawals of municipality's investment shall be made only at such times and in such amounts as will not interfere with the efficient operation of the electric system, including requirements for expansion. In no event shall the excess withdrawals by municipality exceed the amount of municipality's investment in the electric system. If, at any time, municipality should fail to withdraw the full amount due on account of its investment and/or on account of tax equivalent, that part or whole of the return and/or tax equivalent which is not withdrawn shall be added to municipality's investment to the extent such amounts are needed by or used in the operation of the electric system.

(g) Short term loans and advances.—The electric department may lend funds or extend credit to the general fund of municipality only on a short-term basis (1 year or less, without the right of renewal). The amount so lent shall bear a rate of interest the same as the rate of return on investment determined by the governing body of municipality, not to exceed 6 per cent per annum, payable monthly. [fol. 2309] At the end of each fiscal year all such matured loans and advances not yet paid shall be paid or closed out by adjustment of municipality's investment account.

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(h) Action by governing body of municipality. Except as limited in this statement, the governing body of municipality shall determine the rate of return on municipality's investment and/or the interest rate on loans and advances to it.

(i) Publication of statement of municipality's investment. Municipality shall publish a statement of the amount of municipality's investment in the electric system and the outstanding loans and advances at the close of each fiscal year. A copy of such statement shall be forwarded to Authority immediately at its office at Wilson Dam, Ala. After the closing of the books at the end of each month, municipality shall make known, upon demand, to any taxpayer of municipality or to any customer of the electric system the amount of municipality's investment in said electric system.

11. Billing.—Payment for energy used in any calendar month shall be due on the fifteenth of the succeeding month, or 5 days after receipt of bill from Authority, whichever is the later. Upon failure of municipality to pay for the energy used in any calendar month within 60 days after due date, Authority shall have the right, upon reasonable notice, to discontinue the supply of energy and refuse to resume delivery so long as any part thereof remains unpaid. Discontinuance of supply under this section will not relieve municipality of its liability for the agreed minimum monthly payment during the time the supply of energy is so discontinued. To any amount remaining unpaid on the first day of the calendar month following the due date there shall be added a penalty of 1 per cent and an additional 1 per cent shall be added on the first day of each succeeding month until the amount is paid in full. All payments shall be made to the Authority at its offices at Wilson Dam, Ala., or at such other place as Authority may from time to time designate.

12. Interruption of service.—Authority will furnish energy as agreed upon continuously so far as reasonable diligence will permit; but Authority, its officers, agents, or employees shall not be liable for damages when, for any reason, suspensions of the operation of the generation and transmission system serving municipality, or any part thereof, interfere with the delivery of electric energy to municipality nor shall such an interruption constitute a breach

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of this contract on the part of Authority, but Authority shall make appropriate adjustment of the demand charge in the event of an interruption.

13. Lower rates to other municipalities.—If at any time during the term of this agreement Authority should supply electricity to any municipality, municipal division or department, or cooperative association, at a lower rate schedule than that applicable to municipality, and such lower rate schedule shall not be justified in the judgment of Authority by different conditions of service, making the cost to such other municipality, division, department, or cooperative relatively less than to municipality, such lower rate shall be [fol. 2310] made available to municipality so long as such lower rate schedule shall be given to such other municipality while this contract is in force.

14. Developmental surcharge.—In order to maintain municipality's revenues in the developmental period in which the increased demand for power may not compensate for the greatly reduced rates provided for in schedule B, municipality may also impose a surcharge upon those classes of consumers subject to a surcharge under the provisions of said schedule. Municipality may initially determine and may from time to time vary such surcharges, with the understanding, however, that all surplus revenues (as defined in the contract of which this schedule is a part) shall serve as the basis for the reduction or elimination of such surcharges. Surcharges shall be based on a straight percentage of bills, and shall apply uniformly to all members of classes as to which surcharges are authorized.

15. Adjustment of rates.—In the event of a major increase or decrease in general price and wage levels of such a substantial character as materially and substantially to change the cost basis upon which the wholesale rates fixed by this contract are predicated, the parties hereto agree to an adjustment of such rates. Should the cost-of-living index for the United States as a whole compiled by the Department of Labor of the United States show a decrease for a period of 6 consecutive calendar months, or for any month in said period if index figures are not reported for each month thereof, of 30 per cent or more under the index figures for

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the index period including the month in which this contract is signed, or for any month in said period if index figures are not reported for each month thereof, municipality and Authority agree to such a reduction in rates as will conform to the decreased costs of electricity supply, and should such index figures show a 30 per cent or more increase for the same period or month, as the case may be, Authority and municipality agree to such an increase in rates as will conform to the increased costs of electricity supply. Municipality and Authority agree, promptly upon receipt of a request by the other, to confer with each other on the changes in rates necessary to conform to changes in the cost of electricity supply, and to endeavor to agree upon new rates which shall so conform. The new rates shall be substituted for the wholesale rates set forth in the contract of which this schedule is a part.

16. Reduction in rates.—Authority agrees to reduce the wholesale rates herein fixed wherever, in the opinion of Authority, reductions in the cost of generating and transmitting energy make feasible such reductions in rates; the intention of the parties being that municipality shall participate in the benefits of reductions in the cost of generation and transmission.

17. Voltage fluctuations caused by municipality.—Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to Authority's system. Authority may require municipality at its own expense to install suitable apparatus to reasonably limit such fluctuations.

18. Balancing of loads.—Municipality shall at all times take and use energy in such manner that the load will be balanced between phases to within nominally 10 per cent. In the event of unbalanced polyphase loads, Authority reserves the right to require municipality at its own expense to make the necessary changes to correct this condition, or to compute the balancing demand on the assumption that the load of each phase is equal to that on the greatest phase.

19. Notice of trouble.—Municipality shall notify Authority immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents

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affecting the supply of electricity. Such notices, if verbal, should be confirmed in writing.

20. Single-point delivery.—Unless otherwise specifically provided in this contract, if service is rendered for more than one substation, or through more than one transformation at the same substation, Authority will bill municipality for energy (but not demand) at each substation on additional transformation separately.

21. Submetering.—Municipality shall not sell electricity for submetering or further resale.

22. Conflict.—In case of conflict between any express contractual provision or any provision of the schedule of rates and charges and these terms and conditions, the contract or rate schedule shall apply.

**Schedule of Rules and Regulations Applicable to All Classes
of Service**

1. Application for service.—Each prospective customer desiring electric service may be required to sign distributor's standard form of application for service on contract before service is supplied by the distributor.

2. Determination of classification.—Service under the standard residential rate shall apply only to electric service in a single private dwelling and its appurtenances, the major use of which is for lighting and household appliances, for the personal comfort and convenience of those residing therein. Private dwellings in which space is occasionally used for the conduct of business by a person residing therein will be served under the standard residential rate. Where premises have mixed use the classification shall be determined by predominatory use of floor space. The residential rate shall not apply to service to:

(a) Institutions such as clubs, fraternities, orphanages, or homes.

(b) Recognized rooming or boarding houses.

(c) The space in an apartment or other residential building primarily devoted to a professional or other office, studio, or other gainful pursuit. Availability of service

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under the standard commercial and industrial rates shall be determined according to the schedule of rates and charges.

3. Deposits.—A deposit or suitable guaranty not exceeding twice the average monthly bill may be required of any customer before electric service is supplied. Distributor may at its option return deposit to customer after 1 year. Upon termination of service, deposit may be applied by distributor against unpaid bills of customer, and if any balance [fol. 2312] remains after such application is made, said balance shall be refunded to customer.

4. Point of delivery.—The point of delivery is the point, as designated by distributor, on customer's premises where current is to be delivered to building or premises. All wiring and equipment beyond this point of delivery shall be maintained by the customer.

5. Customer's wiring-Standards.—All wiring of customer must conform to municipal requirements and accepted modern standards, as exemplified by the requirements of the National Electrical Safety Code, and the National Electric Code.

6. Inspections.—Distributor shall have the right, but shall not be obligated, to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliances not in accordance with distributor's standards; but such inspection or failure to inspect or reject shall not render distributors liable or responsible for any loss or damage resulting from defects in the installation, wiring, or appliances, or from violation of distributor's rules, or from accidents which may occur upon customer's premises.

7. Underground service lines.—Customers desiring underground service lines from distributor's overhead system must bear the excess cost incident thereto. Specifications and terms for such construction will be furnished by distributor on request.

8. Customer's responsibility for distributor's property.—All meters, service connections, and other equipment fur-

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nished by distributor shall be, and remain, the property of the distributor. Customers shall provide a space for, and exercise proper care, to protect the property of distributor on its premises; and in the event of loss or damage to distributor's property, arising from neglect of customer to care for same, the cost of necessary repairs or replacements shall be paid by customer.

9. Right of access.—Distributor's identified employees shall have access to customer's premises at all reasonable times for the purpose of reading meters, testing, repairing, removing, or exchanging any or all equipment belonging to distributor.

10. Billing.—Bills will be rendered monthly and shall be paid within 10 days from date of bill at the office of distributor. Failure to receive bill will not release customer from payment obligation. Should bills not be paid as above, the distributor may at any time thereafter, upon 5 days' written notice to customer, discontinue service. Bills paid on or before the final date of payment shall be payable at the net rates, but thereafter the gross rates shall apply, as provided in schedule of rates and charges. Should the final date for payment of the bill at the net rates fall on a Sunday or holiday, the business day next following the final date will be held as a day of grace for delivery of payment. Net rate remittances received by mail after the time limit for payment of said net rates will be accepted by distributor, if the incoming envelope bears United States Post Office date stamp of the final date for payment of the net amount, or any date prior thereto.

11. Discontinuance of service by distributor.—The distributor may refuse to connect or may discontinue service for the violation of any of its rules and regulations, or for [fol. 2313] violation of any of the provisions of the schedules of rates and charges, or of the application of customer or contract with customer. Distributor may discontinue service to customer for the theft of current or the appearance of current theft devices on the premises of customer. The discontinuance of service by distributor for any causes as stated in this rule does not release customer from his obligation to distributor for the payment of minimum bills

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as specified in application of customer or contract with customer.

12. Reconnection charge.—Whenever service has been discontinued by distributor, as provided above, a charge of not less than \$1 may be collected by distributor before service is restored.

13. Termination of contract by customer.—Customers who have fulfilled their contract terms and wish to discontinue service must give at least 3 days written notice to that effect, unless contract specifies otherwise. Notice to discontinue service prior to expiration of contract term will not relieve customer from any minimum or guaranteed payment under any contract or rate.

14. Service charges for temporary service.—Customers requiring electric service for a period not exceeding 30 days may be required by distributor to pay all costs for connection and disconnection incidental to the supplying and removing of service. This rule applies to circuses, carnivals, fairs, temporary construction, and the like.

15. Interruption of service.—The distributor will use reasonable diligence to provide a regular and uninterrupted supply of current, but in case the supply of current should be interrupted for any cause, distributor shall not be liable for damages resulting therefrom.

16. Voltage fluctuations caused by customer.—Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to distributor's system. Distributor may require customer, at his own expense, to install suitable apparatus which will reasonably limit such fluctuations.

17. Additional load.—The service connection, transformers, meters, and equipment supplied by distributor for each customer have definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of distributor. Failure to give notice of additions or changes in load, and to obtain distributor's consent for same, shall render the customer liable for any damage to any of distributor's lines or equipment caused by the additional or changed installation.

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18. Stand-by and resale service.—All purchased electric service (other than emergency or stand-by service) used on the premises of customer shall be supplied exclusively by distributor, and the customer shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of the electric service or any part thereof.

19. Single-point delivery.—The rates named in the schedule of rates and charges for each class of service are based [fol. 2314] upon the supply of service to the entire premises through a single delivery and metering point and at a single voltage. Separate supply for the same customer at other points of consumption, or at a different voltage, shall be separately metered and billed.

20. Notice of trouble.—Customer shall notify distributor immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of electricity. Such notices, if verbal, should be confirmed in writing.

21. Nonstandard service.—The customer shall pay the cost of any special installation necessary to meet his peculiar requirements for service at other than standard voltages, or for the supply of closer voltage regulation than required by standard practice.

22. Meter tests.—Distributor will, at its own expense, make periodical tests and inspections of its meters in order to maintain a high standard of accuracy. Distributor will make additional tests or inspections of its meters at the request of customer. If such test show that the meter is accurate within 2 per cent, slow or fast, no adjustment will be made in customer's bill and the testing charge of \$1 per meter will be paid by customer. In case the test shows meter to be in excess of 2 per cent, slow or fast, an adjustment shall be made in the customer's bill over a period of not over 30 days prior to date of such test, and cost of making test shall be borne by distributor.

23. Filling and posting.—A copy of these rules and regulations, together with a copy of distributor's schedule of rates and charges, shall be kept open to inspection at the offices of distributor.

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24. Scope.—This schedule of rules and regulations is a part of all contracts for receiving electric service from distributor, and applies to all service received from distributor, whether the service is based upon contract, agreement, signed application, or otherwise.

25. Revisions.—These rules and regulations may be revised, amended, supplemented, or otherwise changed from time to time. Such changes, when effective, shall have the same force as the present rules and regulations.

26. Conflict.—In case of conflict between any provision of any rate schedule and the schedule of rules and regulations, the rate schedule shall apply.

[fol. 2315] Power Contract Between TVA and the City of Somerville, Tennessee, Dated December 31, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Dickson, Tennessee, except:

1. The maximum amount of electricity which TVA shall be obligated to deliver shall not be in excess of 750 kw. except on demand and notice as provided for in said contract between TVA and the City of Dickson, Tennessee.

2. The point of delivery shall be at a substation located adjacent to the present generating plant of said municipality.

3. In lieu of Section 8 of the contract between TVA and the City of Dickson, the following appears:

10. Municipality's investment in electric system.—For the purpose of this agreement the investment of municipality in its electric system as of the date hereof is agreed to be the sum of \$00.00, as determined as follows:

| | |
|--|----------|
| Replacement costs, new | \$18,900 |
| Less accrued depreciation | 7,560 |
| | <hr/> |
| Present value | 11,340 |
| Bonds and other indebtedness applicable to electric system | 11,340 |
| | <hr/> |
| Net investment | None |

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[fol. 2316] Power Contract Between TVA and the City of Milan, Tennessee, Dated December 31, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Dickson, Tennessee, except:

1. The maximum amount of electricity which TVA shall be obligated to deliver shall not be in excess of 1000 kw. except on demand and notice as provided for in said contract between TVA and the City of Dickson, Tennessee.

2. The point of delivery shall be at the present city light plant.

3. In lieu of Section 8 of the contract between TVA and the City of Dickson, the following appears:

8. Municipality's investment in electric system. For the purpose of this agreement the investment of municipality in its electric system as of the date hereof is agreed to be the sum of —, determined as follows:

| | |
|--|----------|
| Replacement cost new of distribution system..... | \$60,312 |
| Less accrued depreciation | 23,927 |
| | <hr/> |
| Present value of distribution system..... | 36,385 |
| Present stand-by value of generating plant..... | 15,365 |
| | <hr/> |
| Total | 51,750 |
| | <hr/> |
| Bonds applicable to electric system, plus accrued interest | 51,750 |
| Other indebtedness applicable to electric system.. | None. |
| | <hr/> |
| Total indebtedness applicable to electric system | 51,750 |

[fol. 2317] Power Contract Between TVA and the City of Bolivar, Tennessee, Dated December 31, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Dickson, Tennessee, except:

1. The maximum amount of electricity which TVA shall be obligated to deliver shall not be in excess of 450 kw. ex-

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cept on demand and notice as provided for in said contract between TVA and the City of Dickson, Tennessee.

2. The point of delivery shall be at the present city light plant on West Market Street in said City of Bolivar.

3. In lieu of Section 8 of the contract between TVA and the City of Dickson the following appears:

8. Municipality's investment in electric system. For the purpose of this agreement the investment of municipality in its electric system, including generating plant, as of the date hereof is agreed to be the sum of \$00.00, determined as follows:

| | |
|---|----------|
| Replacement cost, new, of distribution system | \$17,808 |
| Less accrued depreciation | 5,083 |
| | <hr/> |
| Present value of electric distribution system | 12,725 |
| Present stand-by value of generating plant | 7,275 |
| | <hr/> |
| Total | 20,000 |
| | <hr/> |
| Bonds applicable to electric system plus accrued interest | 20,000 |
| Other indebtedness applicable to electric system | None. |
| Total indebtedness applicable to electric system | 20,000 |
| | <hr/> |
| Net investment | None. |

[fol. 2318] Power Contract Between TVA and the City of Holly Springs, Mississippi, Dated November 12, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Dickson, Tennessee, except:

1. The maximum amount of electricity which TVA shall be obligated to deliver shall not be in excess of 450 kw. except on demand and notice as provided for in said contract between TVA and the City of Dickson, Tennessee.

2. The point of delivery shall be at the present city light plant.

3. In lieu of Section 8 of the contract between TVA and the City of Dickson the following appears:

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8. Municipality's investment in electric system. For the purpose of this agreement the investment of municipality in its electric system as of the date hereof is agreed to be the sum of \$25,257, determined as follows:

| | |
|---|----------|
| Replacement cost, new | \$41,255 |
| Less accrued depreciation | 10,313 |
| Present value | 30,942 |
| Stand-by value of generating plant | 19,315 |
| Total | 50,257 |
| Bonds applicable to electric system plus accrued interest | 25,000 |
| Other indebtedness applicable to electric system .. | None. |
| Total indebtedness applicable to electric system ... | 25,000 |
| Net investment | 25,257 |

[fol. 2319] Power Contract Between TVA and the City of
Sheffield, Alabama

This agreement, made and entered into as of the 16th day of March, 1936, pursuant to the Tennessee Valley Authority Act of 1933, between the Tennessee Valley Authority, hereinafter called Authority, a corporation created by and acting under said Act, and the city of Sheffield, hereinafter called Municipality, a municipal corporation duly organized, created and existing under and by virtue of the laws of the State of Alabama.

Whereas Authority, by section 10 of said Act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, Counties, Municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas by Section 11 of said Act it is provided that the sale of power by Authority shall be primarily for the benefit of the People of the section as a whole, and particularly the domestic and rural consumers to whom the power can economically be made available; and

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Whereas the electors of the municipality have by referendum authorized municipality to acquire by construction or purchase a municipal electric distribution system, and municipality intends, with all possible diligence and expedition, to acquire by construction or purchase, and to operate such a system; and

Whereas municipality desires to purchase power from Authority for municipal purposes, and for resale and proposes to pay therefor; and

Whereas municipality has by ordinance of its council duly authorized the making of this contract, and Authority, by its by-laws and resolutions, has likewise so authorized;

Now, therefore, for and in consideration of the mutual covenants herein contained, and subject to all of the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

1. Term of contract.—This contract shall be effective as of the 16th day of March, 1936, and all service and payment periods hereinafter referred to shall be computed as from that date. The contract shall continue in effect for twenty (20) years.

2. Acquisition of system.—Municipality agrees to use all reasonable diligence in acquiring by construction or purchase a complete municipal distribution system for the city of Sheffield, and to do all acts and things which it may legally do, which may be necessary or helpful in effectuating such acquisition.

3. Power Supply.—Authority will, from the effective date of this contract to the expiration thereof, supply electricity to municipality for municipal purposes, and for resale. Municipality agrees to purchase from Authority, and Authority agrees to supply, the entire electricity requirements of municipality. Should municipality during the period of this contract desire to increase its purchases in excess of 4,500 kilowatts, Authority shall deliver such excess upon written demand and after reasonable notice, provided that the requirements of Authority and/or the United States reasonably enable it to do so. Reasonable notice shall be defined as 9 months after date of demand if the additional requirements are 5000 kilowatts or less, 12 months after date of demand if the additional requirements

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are over 5000 kilowatts, but not over 10,000 kilowatts and 2 years after date of demand if additional requirements are in excess of 10,000 kilowatts. Said energy shall be delivered in the form of 3-phase alternating current, at approximately 60 cycles per second, and approximately 11,000 volts, or at such other voltage as the parties may from time to time agree. While it is not the function of Authority to guarantee accurate time by the maintenance of accurate frequency Authority agrees to supply such frequency as is recognized to be good commercial frequency on a hydro-electric system.

4. Point of delivery.—Authority shall deliver the electricity purchased hereunder at the metering equipment situated at the west boundary of the United States Government reservation known as Nitrate Plant No. 2, or at such other point or points as shall be mutually agreed upon.

5. Schedule of rates.—Attached hereto, and hereby made a part hereof, is a schedule of rates and charges. Municipality agrees to pay for the energy supplied by Authority at the rates fixed in Schedule A-1 entitled "Wholesale rate." All payments shall be made to Authority at its offices at Wilson Dam, Ala., or at such other place as Authority may from time to time designate.

6. Resale rates.—In order to facilitate the disposition of surplus power generated by Authority and not needed by it in its operations, and in order to carry out the intention of Congress to encourage the more abundant use of electricity throughout the area in which municipality operates, municipality agrees to charge consumers the rates set forth for the several classes thereof in schedules B-1 to B-5, inclusive, of the said schedule of rates and charges, and not to depart therefrom except by agreement of the parties. Additional resale schedules for special classes of consumers, or special uses of electricity may be added from time to time by agreement of the parties. The term "contractor" in said schedule shall be construed to mean municipality. If it should appear that the rates provided for in said resale schedules with the surcharge provided for therein do not produce revenues sufficient to operate and maintain municipality's electric system on a self-supporting and financially sound basis, then municipality shall, by agreement

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with Authority, prescribe and enforce such changes in rates as will provide for the increased revenues necessary to place the system upon such a self-supporting and financially sound basis.

7. Disposition of municipality's revenues.—Municipality, deeming it necessary for the purposes of this contract, and for the purpose of providing reasonable rates for electric service, pursuant to this contract and to the law, agrees to dispose of its gross revenues from electric operations in the following manner.

(a) Revenues shall first be used for the payment of all current operating expenses, including salaries, wages, cost of materials, and supplies, power at wholesale, and insurance.

[fol. 2321] (b) From remaining revenues municipality shall next currently provide for the payment at maturity of interest accrued on all bonds or other indebtedness applicable to municipality's electric system, and for amortization charges on all such bonds or other indebtedness and/or sinking-fund payments thereon.

(c) Thereafter revenues shall be used currently to set up reasonable reserves for replacements, new construction, and for contingencies, and to provide a reasonable amount of cash working capital.

(d) From remaining revenues municipality shall thereafter pay into its general fund a return on its investment, and a tax equivalent as provided in the financial and accounting policy in the schedule of terms and conditions attaching hereto.

(e) All remaining revenues shall be considered surplus revenues and may be devoted by municipality to the purchase or retirement of bonds or other indebtedness applicable to the electric system before maturity, and if not so devoted shall serve as the basis for the reduction or elimination of surcharges to consumers, and thereafter for the reduction of rates. Surplus revenues shall be computed as of December 31 and June 30th of each year.

8. Payment for municipality's energy requirements.—Municipality agrees to pay into its electric funds from ap-

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propriate general or special funds for all electric service required by municipality for street lighting, water pumping, and other operations and uses, at the resale rates as set forth in the schedule of rates and charges, with such modifications and additions as may from time to time be agreed upon by the parties.

9. Terms and conditions; rules and regulations.—Attached hereto and hereby made a part hereof, are two schedules, entitled respectively "Schedule of terms and conditions," and "Schedule of rules and regulations." The provisions of either or both schedules may from time to time be changed or supplemented by agreement of municipality and Authority without limitation on the right of municipality from time to time, upon not less than 10 days written notice to Authority to prescribe and enforce such additional reasonable rules and regulations as it may determine, not inconsistent with this contract (including the schedules thereof). The term "distributor" in the latter schedule shall be construed to mean municipality. It is understood and agreed that the several provisions of the said schedules with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the schedule of rates and charges are of the essence of this contract. Municipality hereby adopts said schedule of rules and regulations as the rules and regulations of municipality.

10. Reports to Authority.—Municipality agrees that, not later than the 1st day of September of each year, it will render to Authority a complete report, in such form as Authority may prescribe, of the results of its operations for the preceding year, ending June 30th the condition of its property and such other information as Authority may reasonably request. Municipality agrees promptly to render such additional reports and information to Authority as Authority may from time to time reasonably request.

[fol. 2322] 11. Discrimination.—Municipality agrees that the surplus power purchased hereby shall be sold and distributed to the ultimate consumer without discrimination between consumers of the same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any customer.

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12. Waiver of defaults.—Any waiver at any time by either party hereto of its rights with respect to any default of the other parties hereto, and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

13. Contract not transferable.—Neither this contract nor any interest therein shall be transferable nor assignable by municipality to any other party without the consent of Authority.

14. Renewal or extension.—Authority agrees to enter into negotiations with municipality looking to the renewal or extension of this contract, so far as may be permitted by law, at least 2 years before the expiration thereof.

In witness whereof, the parties hereto have caused this instrument to be signed and attested in duplicate, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,
Chairman, Board of Directors. (Seal.)

Attest: Charles E. Hoffman, Assistant Secretary.

City of Sheffield, by Hoyt Greer, President of the
Board of Commissioners and Ex-Officio Mayor.
(Seal.)

Attest: Peter Stout (†), City Clerk.

The schedule of Rates and Charges, schedule of Terms and Conditions and schedule of Rules and Regulations attached to and made a part of this contract are substantially the same as the schedule of Rates and Charges, schedule of Terms and Conditions and schedule of Rules and Regulations attached to and made a part of the TVA-City of Dickson, Tennessee, contract.

[fol. 2323] Power Contract Between TVA and the City of Memphis, Tennessee, Dated November 23, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Sheffield, Alabama, except:

1. The maximum amount of power agreed to be furnished by TVA shall not be in excess of 50,000 kw. except upon

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notice as provided for in the contract between TVA and the City of Sheffield, Alabama.

2. TVA agrees to construct transmission facilities on its own rights of way, to or adjacent to the corporate limits of said municipality, and, at the corporate limits, company will connect either directly to substation apparatus or to suitable transmission facilities of the municipality.

3. The municipality agrees to pay TVA the following amounts annually as a minimum:

| | |
|---|----------|
| First year after date of initial delivery | \$72,000 |
| Second year after date of initial delivery | 72,000 |
| Third year after date of initial delivery | 120,000 |
| Fourth year after date of initial delivery | 180,000 |
| Fifty year after date of initial delivery | 240,000 |
| Each year after the fifty year after the date of initial delivery | 240,000 |

[fol. 2324] Power Contract Between TVA and the City of Knoxville, Tennessee, Dated February 19, 1936

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Sheffield, Alabama, except:

1. The initial amount of power agreed to be furnished by TVA shall not be in excess of 35,000 kw.

2. The point of delivery shall be at a point or points to be selected by TVA within the corporate limits of the City of Knoxville.

3. It supersedes the contract dated March 1934 between TVA and the City of Knoxville.

[fol. 2325] Supplemental Contract Between TVA and the City of Knoxville, Tennessee, Dated May 18, 1936

This contract, omitting the formal parts thereof, is as follows:

Whereas it is desirable that the intention of the parties, as evidenced by the said contract, be clarified, and that all ambiguities be resolved:

Now, therefore, in consideration of the premises, the parties hereto mutually agree as follows:

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1. That the provision in the paragraph preceding section 1 of the said contract, reading "and subject to all of the provisions of the Tennessee Valley Authority Act of 1933", is intended and shall be construed as for the purpose only of limiting the obligations of the Authority to such as may be undertaken pursuant to said act, and is not intended to subject municipality to any obligations or conditions not specifically set out in the other provisions of said contract of February 19, 1936.

2. The last sentence of section 6 of said contract, providing that under certain conditions "Municipality shall, by agreement with Authority, prescribe and enforce such changes in rates as will provide for the increased revenues necessary to place the system upon such a self-supporting and financially sound basis", is intended to and shall be construed to mean that, under the circumstances set out in such sentence, Authority shall agree to such changes in rates.

3. Section 9 of said contract, providing that municipality may prescribe and enforce such additional reasonable rules and regulations as it may determine, not inconsistent with said contract and the schedules thereof, is intended to and shall mean that the schedule of rules and regulations are the rules and regulations of municipality, and are intended for its sole benefit, and may be modified, repealed, or supplemented at any time by municipality, upon giving 10 days' written notice to Authority; except that such charges shall not be inconsistent with the express terms of the contract, the schedule of rates and charges and the schedule of terms and conditions thereof; and except that paragraphs 2 and 19 of said schedule of rules and regulations were intended to be and shall be considered to be interpretations of the schedule of rates and charges, subject to alteration only in the manner provided for the latter schedule.

[fol. 2326] Power Contract Between TVA and the City of Jackson, Tennessee, Dated October 16, 1935

(Omitted)

[fol. 2327] Power Contract Between TVA and North Georgia Electric Membership Corporation

This agreement, made and entered into this 15th day of June 1936, by and between the Tennessee Valley Authority

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(hereinafter called Authority), a corporation created by the Tennessee Valley Authority Act of 1933, and the North Georgia Electric Membership Corporation (hereinafter called corporation), a corporation duly organized, created, and existing under and by virtue of the laws of the State of Georgia.

Witnesseth:

Whereas Authority, by section 10 of the Tennessee Valley Authority Act of 1933, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas by Section 11 of said act it is provided that the sale of power by Authority shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available; and

Whereas corporation has been organized under the laws of the State of Georgia for the purpose of acquiring facilities for the purchase and distribution of electric power to its members at the lowest cost consistent with sound business practice and without profit; and

Whereas corporation desires to purchase electric power from Authority to be distributed and sold by corporation to its members, and after investigation by Authority it appears that quantities of power generated at Wilson Dam, Ala., sufficient to meet the requirements of corporation under the terms of this contract will be available for sale by Authority after all requirements of Authority and of the United States have been fulfilled; and

Whereas the parties to this contract have duly authorized its execution;

Now, therefore, for and in consideration of the mutual covenants herein contained (the obligations of Authority being subject to all of the provisions of the Tennessee Valley Authority Act of 1933) the parties hereto mutually covenant and agree as follows:

1. Term of contract.—This contract shall become effective upon the execution hereof and shall continue in effect for 20 years: Provided, however, That all obligations of

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[fol. 2328] the parties hereto with regard to the rendition of service and payment therefor shall begin at such time (hereinafter designated "Date of initial delivery") as corporation shall have acquired its distribution system, or any part thereof, and shall be in a position to take such service for its system or part thereof. All service and payment periods shall be computed as from the date of initial delivery.

2. Power supply.—Authority will, for the term hereof, supply electricity to corporation for corporate purposes and for resale. Corporation agrees to purchase from Authority and Authority agrees to supply the entire electricity requirements of corporation. Corporation's demand on Authority shall not exceed 300 kilowatts before January 1, 1937. Should corporation desire to increase its purchases in excess of 300 kilowatts subsequent to January 1, 1937, Authority shall deliver such excess upon written demand and after reasonable notice, provided that the requirements of Authority and/or the United States reasonably enable it to do so. Such electricity shall be delivered in the form of three-phase, alternating current, at approximately 12,000 volts, Y-corrected, or at such other voltage as the parties may from time to time agree upon. While it is not the function of Authority to guarantee accurate time by the maintenance of accurate frequency, Authority agrees to supply such frequency as is recognized to be good commercial frequency on a hydroelectric system.

3. Point of delivery.—Authority will deliver the electricity purchased hereunder at the low-tension side of the substation located at Ooltewah, Tenn., or at such other point as may be mutually agreed upon. The energy to be supplied corporation hereunder shall be metered at the low-tension side of the step-down transformer bank or banks of a substation to be constructed, owned, and operated by Authority, and Authority will install only such oil circuit breakers as in its opinion are necessary for the protection of its transformer bank or banks and/or the transmission line or lines supplying energy to such substation.

4. Corporation agrees that it will not repeal or alter the provisions of article II, sections 4 and 6, and article IV of

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1 the bylaws adopted by its board of directors on June —, 1936, or adopt any bylaws or rules and regulations inconsistent therewith, during the term of this power contract.

5. Schedule of rates.—Attached hereto, and hereby made a part hereof, is a schedule of rates and charges. Corporation agrees to pay for the energy supplied by Authority at the rates fixed in schedule A-1 entitled "Wholesale Power Rate." All payments shall be made to Authority at its offices at Wilson Dam, Ala., or at such other place as Authority may from time to time designate.

6. Resale rates.—In order to facilitate the disposition of surplus power generated by Authority and not needed by it in its operations, in order to carry out the intention of Congress to encourage the more abundant use of electricity throughout the area in which corporation operates, in order to further the purposes for which corporation was organized, and as further security for any and all indebtedness which corporation has incurred or may incur to Authority, corporation agrees to charge consumers the rates set forth for the several classes thereof in schedule B-1 to B-5, inclusive, of the said schedule of rates and charges and not to depart therefrom except by agreement of the parties. Addi-[fol. 2329] tional resale schedules for special classes of consumers or special uses of electricity may be added from time to time by agreement of the parties. The term "contractor" in said schedule shall be construed to mean corporation. If it should appear that the rates provided for in said resale schedule with the surcharge provided for therein do not produce revenues sufficient to operate and maintain corporation's electric system on a self-supporting and financially sound basis, then corporation and Authority shall agree upon, and corporation shall put into effect, such changes in rates as will provide for the increased revenues necessary to place the system upon such a self-supporting and financially sound basis.

7. Amortization charges.—Corporation agrees to collect the amortization charges provided for in the schedule of rates and charges until all its long-term obligations to Authority have been fully discharged. Such charges, when collected, shall be considered trust funds and shall be de-

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voted exclusively to the payment of the funded obligations of corporation according to the priority of those obligations.

8. Disposition of corporation's revenues.—Corporation, for the purpose of providing reasonable rates for electric service pursuant to this contract and to law, agrees to dispose of its gross revenues (not including amortization charges, which shall be disposed of as hereinbefore provided) in the following manner:

(a) Revenues shall first be used for the payment of all current operating expenses, including salaries, wages, cost of materials, and supplies, power at wholesale, and insurance;

(b) From remaining revenues corporation shall next currently provide for the payment, at maturity, of interest on all bonds or other indebtedness applicable to corporation's electric system, and for amortization charges on all such bonds or other indebtedness and/or sinking fund payments thereon;

(c) Thereafter revenues shall be used currently to set up reasonable reserves for replacements, new construction, and for contingencies, and to provide a reasonable amount of cash working capital;

(d) All remaining revenues shall be considered surplus revenues and shall be devoted by corporation to the purchase or retirement of bonds or other indebtedness applicable to the electric system before maturity;

(e) Thereafter surplus revenues shall serve as a basis for the reduction or elimination of amortization charges and surcharges to consumers, and thereafter for the reduction of rates.

Surplus revenues shall be computed as of December 31 and June 30 of each year.

9. Terms and conditions.—Attached hereto, and hereby made a part hereof, is a schedule entitled "Schedule of Terms and Conditions." The provisions of this schedule may from time to time be changed or supplemented by agreement of corporation and Authority. It is understood

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and agreed that the several provisions of said schedule, with such changes as may from time to time be adopted pursuant thereto, as well as the several provisions of this contract and of the schedule of rates and charges, are of the essence of this contract.

[fol. 2330] 10. Rules and regulations.—Attached hereto, and hereby made a part hereof, is a schedule of rules and regulations. Corporation hereby adopts said schedule as the rules and regulations of corporation. The provisions of said schedule may be amended by corporation at any time upon 10 days' written notice to Authority setting forth the nature of and the reason for the proposed change. No change shall be made in said schedule, however, which is inconsistent with or in violation of any of the provisions of the remaining part of this contract. In said schedule the term "distributor" shall be construed to mean corporation.

11. Rendition of advisory services by Authority.—Authority agrees to render advisory services to corporation in problems of personnel and administration, to secure the attendance of its officers at meetings of the corporation, its board or executive committee, so far as may be practicable and convenient. Corporation agrees to pay the reasonable value of such advisory services as are rendered by Authority at the request of corporation. Corporation agrees that it will not employ or retain in its employ any person whom Authority reasonably considers unqualified for his position, or whose services Authority reasonably deems to be unnecessary.

12. Use of corporation's lines.—Authority shall have the right, to the extent of the transmission capacity of corporation's lines, to the use of corporation's poles and wires for transmission purposes, and for service to industrial customers with a demand of 1,000 kilowatts or more, who elect to take service from Authority: Provided, however, That Authority shall compensate corporation for such use by such amounts as may be mutually agreed upon, or by an interchange of electricity, compensating corporation for line losses, or both.

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13. Reports to Authority.—Corporation agrees that not later than the first day of September of each year it will render to Authority a complete report, in such form as Authority may prescribe, of the results of its operations for the preceding year ending June 30, the condition of its property, and such other information as Authority may reasonably request. Corporation agrees promptly to render such additional reports and information to Authority as Authority may from time to time reasonably request.

14. Bonding of employees.—Corporation agrees to bond in a reasonable amount all employees whose duties require or permit them to handle or dispose of money belonging to corporation.

15. Discrimination.—Corporation agrees that the surplus power purchased hereunder shall be sold and distributed to the ultimate consumer without discrimination between consumers of the same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any customer.

16. Waiver of defaults.—Any waiver at any time by either party hereto of its rights with respect to any default of the other party hereto and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

[fol. 2331] 17. Contract not transferable.—Neither this contract nor any interest therein shall be transferable or assignable by corporation to any other party without the consent of Authority.

In witness whereof, the parties hereto have caused this instrument to be signed and attested in duplicate by their duly authorized officers the day and year first above written.

Tennessee Valley Authority, By Harcourt A. Morgan, Vice Chairman of the Board of Directors.
(Seal.)

Attest: Charles E. Hoffman, Assistant Secretary.

North Georgia Electric Membership Corporation, By
R. H. Bandy, President. (Seal.)

Attest: J. C. Johnston, Secretary.

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The schedule of Rates and Charges, schedule of Terms and Conditions and schedule of Rules and Regulations attached to and made a part of this contract are substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, Tennessee.

[fol. 2332] Power Contract Between TVA and Meigs County (Tennessee) Electric Membership Corporation, Dated October 14, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and North Georgia Membership Corporation, except:

1. The point of delivery shall be at the low tension side of a substation to be constructed by TVA at a point in or adjacent to Decatur, Tennessee.

[fol. 2333] Power Contract Between TVA and Monroe County (Mississippi) Electric Power Association, Dated July 19, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and Alcorn County Electric Power Association, except:

1. The point of delivery shall be at such point as may be mutually agreed upon.

2. It does not contain Sections 1, 5, 6, 7, 8, 10, 11, 18, 19 and 20 of the contract between TVA and Alcorn County Electric Power Association.

3. Schedule of Terms and Conditions and Schedule of Rules and Regulations substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, are attached to and made a part of this contract.

4. It contains the words "subject to" instead of "pursuant to" in the enacting clause.

[fol. 2334] Power Contract Between TVA and Tishomingo County (Mississippi) Electric Power Association, Dated July 19, 1935

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To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and Alcorn County Electric Power Association, except:

1. The point of delivery shall be at the metering equipment situated on the low tension side of the substations in Iuka and Burnsville, Mississippi, or at such other points as may be mutually agreed upon.

2. It does not contain Sections 5 and 7 of the contract between TVA and Alcorn County Electric Power Association.

3. Schedule of Terms and Conditions and Schedule of Rules and Regulations substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, are attached to and made a part of this contract.

4. It contains the words "subject to" instead of "pursuant to" in the enacting clause.

[fol. 2335] Power Contract Between TVA and Tombigbee Electric Power Association, Dated October 19, 1935

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and Alcorn County Electric Power Association, except:

1. The point of delivery shall be on the low tension side of the substations in Fulton and Tupelo, Mississippi, or at such other points as may be mutually agreed upon.

2. It does not contain Sections 6, 7 and 11 of the contract between TVA and Alcorn County Electric Power Association.

3. Schedule of Terms and Conditions and Schedule of Rules and Regulations substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, are attached to and made a part of this contract.

4. It contains the following provision in lieu of Paragraph 16 of the contract between TVA and Alcorn County Electric Power Association:

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12. Terms and conditions; rules and regulations.—Attached hereto, and hereby made a part hereof, are two schedules, entitled respectively, "Schedule of Terms and Conditions of Contract" and "Schedule of Rules and Regulations", and it is understood and agreed that the provisions of either or both schedules may from time to time be changed or supplemented by agreement of corporation and Authority. The term "distributor" in the latter schedule shall be construed to mean corporation. It is understood and agreed that the several provisions of the said schedules, with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the schedule of rates and charges, are of the essence of this contract. Corporation hereby adopts said schedule of rules and regulations as the rules and regulations of corporation.

5. It contains the words "subject to" instead of "pursuant to" in the enacting clause.

[fol. 2336] Power Contract Between TVA and Pontotoc County (Mississippi) Electric Power Association

This agreement, made and entered into this 12th day of February 1936, by and between the Tennessee Valley Authority (hereinafter called Authority), a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and the Pontotoc County Electric Power Association, a nonprofit civic improvement corporation, duly organized, created, and existing under and by virtue of the laws of the State of Mississippi (hereinafter called association), its successors and assigns,

Witnesseth:

Whereas, Authority, by section 10 of said act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas association owns and operates an electric transmission and distribution system in and adjacent to Pontotoc County, Miss.; and

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Whereas by a certain instrument designated "Sale, lease, trust, and security contract" (hereinafter referred to as sale, lease, contract) executed as of February 15, 1935, Authority and United States of America disposed of to association, in part by sale and in part by lease, certain electric transmission and distribution facilities in and near Pontotoc County, Miss., and association agreed to pay Authority therefor the sum of \$67,645.36, with interest on unpaid balances at the rate of $3\frac{1}{2}$ per cent per annum, payable semi-annually; and

Whereas association is now purchasing power from Authority under a certain power contract between Authority and association, dated February 15, 1935 (hereinafter called power contract), and the parties hereto desire to cancel, annul, and rescind said power contract and to enter into a new contract for the purchase of power by association from Authority; and

Whereas association's principal obligation to Authority has been increased from \$67,645.36 to \$116,831.57 by reason of certain construction and rehabilitation work done by Authority for association, and certain other properties sold by Authority to association, all under the terms of said sale, lease contract, and said power contract; and

Whereas under a certain contract entitled "Sale and Loan Contract Between Tennessee Valley Authority, United States of America, and Pontotoc County Electric Power Association" (hereinafter called sale and loan contract), [fol. 2337] executed on even date herewith and rescinding said sale, lease contract, Authority is loaning to association the further sum of \$4,000 to be used in acquiring the Bruce distribution system, and \$25,000, or such part thereof as may be required by association, to construct an interconnecting transmission line, making a total principal obligation of association to Authority of \$145,831.57, as of the date of execution hereof (subject to deduction if all of the \$25,000 is not advanced for the construction of said line); and

Whereas after investigation by Authority, it appears that quantities of power generated at Wilson Dam, Ala., sufficient to meet the requirements of association, under the terms of this contract, will be available for sale by Authority

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after all requirements of Authority and of the United States have been fulfilled; and

Whereas the parties to this contract have duly authorized its execution;

Now, therefore, for and in consideration of the mutual covenants herein contained, and subject to all of the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

1. Rescission of prior contract.—The power contract between Authority and association, dated February 15, 1935, is hereby canceled, annulled, and rescinded, without prejudice, however, to any rights or obligations of the parties thereto which may have accrued thereunder by reason of any breach thereof by either of the said parties prior to the date hereof.

2. Term of contract.—This contract shall become effective upon the execution hereof, and shall continue in effect for 20 years.

3. Power Supply.—Authority will, for the term hereof, supply electricity to association for corporate purposes and for resale. Association agrees to purchase from Authority, and Authority agrees to supply, the entire electricity requirements of association. Should association during the period of this contract desire to increase its purchases in excess of 1,000 kilowatts Authority shall deliver such excess upon written demand and after reasonable notice, provided that the requirements of Authority and/or the United States reasonably enable it to do so. Such electricity shall be delivered in the form of three-phase, alternating current, at approximately 60 cycles per second and approximately 12,450 volts, or at such other voltage as the parties may from time to time agree. While it is not the function of Authority to guarantee accurate time by the maintenance of accurate frequency, Authority agrees to supply such frequency as is recognized to be good commercial frequency on a hydro-electric system.

4. Point of delivery.—Authority will deliver the electricity purchased hereunder at the metering equipment situated on the Lee-Pontotoc County line or at such other point as may be mutually agreed upon. The energy to be

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[fol. 2338] supplied association hereunder shall be metered at the low-tension side of the step-down transformer bank or banks of a substation to be constructed, owned, and operated by Authority, and Authority will install only such oil circuit breakers as in its opinion are necessary for the protection of its transformer bank or banks and/or the transmission line or lines supplying energy to such substation.

5. Schedule of rates.—Attached hereto, and hereby made a part hereof, is a schedule of rates and charges. Association agrees to pay for the energy supplied by Authority at the rates fixed in schedule A-1 entitled "Wholesale Power Rate." All payments shall be made to Authority at its offices at Wilson Dam, Ala., or at such other place as Authority may from time to time designate.

6. Resale rates.—In order to facilitate the disposition of surplus power generated by Authority and not needed by it in its operations, in order to carry out the intention of Congress to encourage the more abundant use of electricity throughout the area in which association operates, in order to further the purposes for which association was organized, and as further security for the indebtedness of association to Authority, association agrees to charge consumers the rates set forth for the several classes thereof in schedules B-1 to B-5, inclusive, of the said schedule of rates and charges, and not to depart therefrom except by agreement of the parties. Additional resale schedules for special classes of consumers or special uses of electricity may be added from time to time by agreement of the parties. The term "contractor" in said schedule shall be construed to mean association. If it should appear that the rates provided for in said resale schedules with the surcharge provided for therein do not produce revenues sufficient to operate and maintain association's electric system on a self-supporting and financially sound basis, then association shall, by agreement with Authority, prescribe and enforce such changes in rates as will provide for the increased revenues necessary to place the system upon such a self-supporting and financially sound basis.

Association may charge nonmember customers, other than governmental customers, such other and different rates as may be required to yield the full cost of operation to as-

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sociation but association agrees that such rates shall not be discriminatory as between nonmember customers or classes thereof and that its nonmember operations shall not be conducted for the purpose of making a profit: Provided, however, That all such rates prescribed by association shall be subject to the written approval of Authority.

7. Nonmember service.—Association agrees that it will not, except after having first secured the approval of Authority, serve any nonmembers: Provided, however, That this provision shall not apply to service to customers who are at the time of the acquisition of any given lines by association, taking service from such lines, and who continue to take service without change of residence; nor to "governmental customers" which shall be defined as any agency, instrumentality, district, municipality, corporation, or subdivision of the State of Mississippi or of the United States of America: Provided, further, That the association may charge such customers, with the exception of "governmental [fol. 2339] customers", such other and additional rates as provided in section 6.

8. Terms of membership in association.—Association agrees to make its memberships available without discrimination to any person, corporation, copartnership, association, municipality, or political body or subdivision within the area of its service. The initial stated value of memberships shall be \$100, but such value shall be subject to reduction as hereinafter provided. Members who pay the full membership fee in advance shall be entitled to a reduction of not to exceed 20 per cent and the advance payments of balances shall be subject to such reduction as association may from time to time fix, not to exceed 20 per cent. The minimum initial installment on memberships shall not be fixed at less than \$10 without first securing the written consent of Authority, and the balance shall be payable at the rate of 1 cent per kilowatt-hour for each kilowatt-hour used per month up to and including 100 kilowatt-hours per month, but in no case less than 25 cents per month. The stated value of memberships shall, from time to time, be reduced by the amount of the reimbursements made to members pursuant to section 12 hereof, and new members shall be admitted at the new stated value thus arrived at.

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9. Payment of principal obligation.—Association hereby acknowledges its indebtedness to Authority as of the date hereof, on account of property conveyed to or constructed for association and money loaned to association, to be \$145,831.57, subject to proper deductions if association does not require and Authority does not advance all of a certain \$25,000 loan made by Authority to association to aid association in constructing a certain rural transmission line, as provided in the sale and loan contract, and agrees in consideration thereof to pay that amount to Authority, which sum shall be hereinafter called "principal obligation." Association agrees to pay interest upon unpaid balances as of the first of each calendar month at the rate of $3\frac{1}{2}$ per cent per annum, payable semiannually, beginning on March 1, 1936. Association agrees to pay to Authority on account of said principal obligation, and on account of all indebtedness of association to Authority incurred under this contract, and until such principal obligation and indebtedness shall have been totally repaid: (a) All payments on memberships received; (b) the total surplus revenue as hereinafter defined. The amount received as payments on memberships together with all surplus revenue, if any, shall be computed as of the close of business on the last day of each calendar month and shall be paid to Authority not later than the fifteenth day of the following calendar month. All payments shall be made to Authority at its offices at Wilson Dam, Ala., or at such other place as Authority may from time to time designate. Failure on the part of association to make the payments as provided herein shall constitute a default and Authority may forthwith at its option declare this contract and the sale and loan contract terminated and/or exercise all rights and powers granted Authority on the failure of association to perform any of its obligations or promises.

10. Electric Home and Farm Authority accounts.—Association hereby assumes the rights and obligations of [fol. 2340] Authority with respect to the collection of those accounts of the Electric Home and Farm Authority, Inc. (collected by Authority prior to the execution of the power contract), in the area in which association operates.

11. Security for indebtedness.—There is executed by association in connection herewith, and as of the date hereof,

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a certain mortgage as security for the principal obligations of association to Authority, as it may from time to time appear, and for the interest thereon, and to secure the obligations of this contract.

12. Disposition of association's revenues.—Association, for the purpose of providing reasonable rates for electric service pursuant to this contract and to law, agrees to dispose of its gross revenues, not including membership fees, which shall be paid over to Authority immediately after collection as hereinbefore provided, in the following manner:

(a) Revenue shall first be used for the payment of operating expense, including salaries, wages, cost of materials and supplies, power at wholesale, taxes, and insurance.

(b) Thereafter revenues shall be used to set up reasonable reserves for new construction and for contingencies, and to create a reasonable cash working fund. As further security for association's indebtedness to Authority, association agrees that Authority may in its discretion fix maximum amounts for the reserves and the funds herein authorized to be set up, and may direct the investment or disposition of such reserves and funds.

(c) After the payment or setting aside of the above amounts all remaining revenues shall be considered surplus revenues and shall be paid over to Authority in the manner prescribed above, until association's indebtedness to Authority on account of accrued interest shall be satisfied. All interest not paid when due shall, from the date hereof, be added to the principal obligation.

(d) Remaining surplus revenues shall thereafter be paid over to Authority until association's indebtedness to Authority on account of property constructed for association, property purchased or leased from Authority and/or the United States of America, and on account of any loan of money made by Authority pursuant hereto, shall be satisfied. All principal not paid when due shall, from the date thereof, bear interest at the rate of 6 per cent per annum.

(e) After the satisfaction of its indebtedness to Authority and/or the United States of America, all association's

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surplus revenues shall be used to reduce or eliminate surcharges to association's members.

(f) After the elimination of such surcharges, all surplus revenues shall be used to reimburse members to the extent of not more than the stated value of their memberships (less \$10 per membership which shall be nonreimbursable) and/or for the reduction of association's rates, as association may determine.

[fol. 2341] 13. Alienation or encumbrance of property or revenues.—Association agrees not to sell, pledge, mortgage, assign, hypothecate, or otherwise alienate or encumber its property or revenues, or any part thereof, without first securing the written approval of Authority, except that it may dispose of stocks of wares and merchandise at retail in the normal course of business.

14. Terms and conditions; rules and regulations.—Attached hereto and hereby made a part hereof, are two schedules, entitled respectively "Schedule of Terms and Conditions" and "Schedule of Rules and Regulations." The provisions of either or both schedules may from time to time be changed or supplemented by agreement of association and Authority. Association may, upon reasonable notice to Authority in advance thereof, make and put into effect such additional rules and regulations as it may determine if the same are not inconsistent with this contract (including the schedules thereof). The term "distributor" in the latter schedule shall be construed to mean association. It is understood and agreed that the several provisions of the said schedules, with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the schedule of rates and charges, are of the essence of this contract. Association hereby adopts said schedule of rules and regulations as the rules and regulations of association.

15. Rendition of advisory services by Authority.—Authority agrees to render advisory services to association in problems of personnel and administration, to secure the attendance of its officers at meetings of the association, its board, or executive committee, so far as may be practicable and convenient, and to make available to association the

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facilities and services of its personnel division so far as may be necessary in the selection of association's employees. In the event professional services are rendered at association's request association agrees to pay the reasonable value thereof as billed by Authority. Association agrees that it will not employ or retain in its employ any person deemed by Authority not to qualify for his position or whose services Authority may deem to be unnecessary.

16. Use of association's lines.—Authority shall have the right, to the extent of the transmission capacity of association's lines, to the use of association's poles and wires for transmission purposes, and for service to industrial customers with a demand of 1,000 kilowatts or more who elect to take service from Authority: Provided, however, That Authority shall compensate association for such use by such amounts as may be mutually agreed upon, or by an interchange of electricity, compensating association for line losses, or both.

17. Reports to Authority.—Association agrees that, not later than the first day of September of each year, it will render to Authority a complete report, in such form as Authority may prescribe, of the results of its operations for the preceding year ending June 30, the condition of its property, and such other information as Authority may reasonably request. Association agrees promptly to render [fol. 2342] such additional reports and information to Authority as Authority may from time to time reasonably request.

18. Bonding of employees.—Association agrees to bond in a reasonable amount all employees whose duties require or permit them to handle or dispose of money belonging to association.

19. Discrimination.—Association agrees that the surplus power purchased hereby shall be sold and distributed to the ultimate consumer without discrimination between consumers of the same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any customer.

20. Waiver of defaults.—Any waiver at any time by either party hereto of its rights with respect to any default

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of the other party hereto and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

21. Contract not transferable.—Neither this contract nor any interest therein shall be transferable or assignable by association to any other party without the consent of Authority.

In witness whereof, the parties hereto have caused this instrument to be signed and attested in duplicate, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan,
Chairman, Board of Directors. (Seal.)

Attest: Charles E. Hoffman, Assistant Secretary.

Pontotoc County Electric Power Association, by M.
L. Higgs, President

Attest: Jas. I. Wilson, Secretary.

STATE OF TENNESSEE,
County of Knox,
City of Knoxville, ss:

On this 12th day of February 1936 before me appeared Arthur E. Morgan and Charles E. Hoffman, to me personally known, who, being by me duly sworn, did say that they are the Chairman of the Board of Directors and the Assistant Secretary, respectively, of the Tennessee Valley Authority, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said Arthur E. Morgan and Charles E. Hoffman acknowledged said instrument to be the free act and deed of said corporation.

L. B. Bolt, Jr., Notary Public in and for Knox
County, State of Tennessee. My Commission expires October 7, 1936. (Seal.)

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STATE OF MISSISSIPPI,
County of Pontotoc, ss:

On this 13th day of February 1936 before me appeared M. L. Higgs and Jas. I. Wilson, to me personally known, who, being by me duly sworn did say that they are the president and secretary, respectively, of Pontotoc County Electric Power Association, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said M. L. Higgs and Jas. I. Wilson acknowledged said instrument to be the free act and deed of said corporation.

Mrs. Ludy Williams, Notary Public in and for Pontotoc County, State of Mississippi. My commission expires February 2, 1938. (Seal.)

The Schedule of Rates and Charges, the Schedules of Terms and Conditions and Rules and Regulations attached to this contract are substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, Tennessee (Complainants' Exhibit No. 118).

[fol. 2344] Power Contract Between TVA and Monsanto
Chemical Company

This agreement made this 15th day of May 1936 between Tennessee Valley Authority, a corporation created by the Tennessee Valley Authority Act of 1933, hereinafter called Authority, and Monsanto Chemical Co., a corporation organized and existing under the laws of the State of Delaware, hereinafter called customer,

Witnesseth:

Whereas, by said Tennessee Valley Authority Act of 1933, Authority was entrusted with and is now operating Wilson Dam in the State of Alabama, including generating equipment for the generation of surplus power created by said dam; and

Whereas customer intends to erect a chemical plant at Estes Bend on the Duck River near Columbia, Tenn., and may require up to 50,000 kilowatts of electric power in the operation of said plant; and

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Whereas, customer has requested Authority to supply all of its purchased power requirements, and Authority has and will continue to have sufficient power available for the performance of this contract after fulfilling the requirements of the Authority and the United States and without prejudice to any preferential rights of States, counties, municipalities, and nonprofit organizations of citizens and farmers, to purchase electric power from Authority,

Now, therefore, in consideration of the mutual covenants and agreements hereinafter set forth, and subject to the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually agree as follows:

1. Construction of plant.—As an expression of good faith to Authority, customer has begun construction of a chemical plant at Estes Bend on the Duck River near Columbia, Tenn., which will include electric furnaces capable of utilizing not less than approximately 20,000 kilowatts of electricity, and customer agrees to continue said construction to completion with diligence and good faith; and should customer fail to so continue, Authority shall have the right upon 30 days' notice to cancel this agreement and terminate all of its obligations assumed herein, provided, however, that Authority shall not have such right of cancelation if the continuance of said construction is prevented, delayed, or impeded by reason of injunction, strike, riot, invasion, fire, accident, break-down, act of God or any other causes beyond customer's control; and provided further, that [fol. 2345] should Authority give notice of cancelation pursuant to this section, customer may within said 30-day notice period elect to pay the demand charges specified in columns 5 and 6 of the schedule contained in section 4 hereof and in such case Authority shall not have power to cancel this contract until 12 months from the date of said notice, and then only if during said 12-month period customer has failed to continue the construction of said plant with diligence and good faith. In the event of interruption due to any causes beyond customer's control, customer agrees to resume construction of said plant with diligence and good faith. In the event of interruption due to any causes beyond customer's control, customer agrees to resume construction and continue the same to completion as soon as

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reasonably possible, and in the event of the failure so to do Authority shall be entitled to exercise the right of cancellation contained herein, subject, however, to customer's right to postpone such right of cancellation as set out above.

2. Sale of electric power.—Authority shall sell and deliver to customer and customer shall, except as hereinafter provided, take and buy from Authority all of customer's electric power requirements for the operation of customer's chemical plants, equipment, and facilities to be erected and installed at the above-mentioned location, in amounts hereinafter set forth, all in accordance with this contract and with the terms and conditions which are attached hereto and hereby made a part hereof. Nothing herein contained shall prevent customer from generating all or any part of the power required in the operation of its chemical plants as byproduct power derived from its manufacturing or processing operations, subject, however, to customer's obligation for minimum charges as hereinafter provided.

If at any time during the period of this contract, or any extension thereof, customer requires in its operations electric power in amounts in excess of the amount that Authority is obligated, or at the time willing, to supply under the terms of this contract, customer shall have the right to purchase from other sources or to generate any such excess requirements.

3. Contract duration.—This contract shall be for a period of 10 years, commencing on the date hereof, provided that customer, by written notice to Authority on or before the fifth anniversary date of this contract, shall have the right to renew this contract upon the same terms and conditions as those herein contained for an additional period of either 5 or 10 years at the option of customer. Such renewal period to date from the date of the expiration of this contract. In the event that said right of renewal is not exercised on or before said fifth anniversary date, customer shall not have any such right of renewal.

It is agreed, however, that if, during the period of this contract, unforeseen conditions arise which make the continued operation of customer's electric-furnace operations in the State of Tennessee disadvantageous, customer shall have the right, provided its said furnacing operations in

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[fol. 2346] said State are completely and permanently discontinued, to cancel this contract upon 1 year's written notice, said cancelation to be effective, however, not earlier than 5 years from the date hereof; provided, however, that customer shall not be entitled to exercise this right of cancelation unless its obligations under section 1 hereof have been completely performed.

4. Service specifications and delivery.—Firm power shall be available to customer at all times during the life of this contract. Secondary power shall be available to customer for at least 300 days to be selected by Authority out of each calendar year in amounts up to 65 per cent of the demand, primary and secondary, then contracted for or the excess over 8,000 kilowatts of total demand, whichever is the lesser; but in any 4 successive months there shall not be interruptions of more than 65 days nor interruptions of more than 80 days in any 9 successive months. Authority shall give not less than 14 days' written notice before interrupting the secondary power service and not less than 14 days' written notice before resuming secondary power service and Authority shall not interrupt the secondary service for more than two periods in any calendar year.

Electric power delivered hereunder shall be supplied by Authority and taken by customer in the respective amounts and at the respective dates set forth below, provided that if difficulties beyond the control of Authority should delay completion of construction beyond August 15, 1936, the obligation of Authority to deliver and customer to take power on November 15, 1936, shall be postponed to the extent of the delay beyond August 15, 1936, provided, however, that delivery shall be commenced not later than December 15, 1936, in any event.

Tabulation at top of page 197 to be in photostat form and attached hereto.

Column 1 of the above table sets out the minimum notices which customer shall give Authority before Authority is required to make available the respective amounts of power set out in the corresponding lines of column 4. Column 2 sets out the respective dates when Authority is obligated, upon receipt of proper notice, to make available the respective amounts of power set out in the corresponding lines

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of column 4. Column 3 sets out the dates when customer is obligated to pay, as a minimum, demand charges on the demands set out in the corresponding lines of columns 5 and 6, unless it has obligated itself to take power earlier by giving notice as specified in column 1. Column 4 sets out the amounts of power Authority is obligated to make available at the respective dates set out in the corresponding lines of column 2, upon receipt of proper notice from customer. Column 5 sets out the contract firm demands upon which minimum bills will be based, after service is made available in the amounts set out in column 4. Column 6 sets out the corresponding contract secondary demands upon which minimum bills will be based, after service is made available in the amounts set out in column 4.

The electric power supplied hereunder shall be in the form of 3-phase, 60-cycle, 11,900-volt alternating current. [fol. 2347] Said frequency, generation, transmission, service, and voltage shall be maintained in accordance with the best commercial standard for hydroelectric systems. Voltage variations at primary bus shall not exceed $2\frac{1}{2}$ per cent up or down for normal, except in case of temporary interruption to service.

5. Point of delivery.—Point of delivery shall be on the 11,900-volt side of the Authority's substation to be located on customer's property at Estes Bend on the Duck River near Columbia, Tenn. Customer shall furnish Authority without charge a suitable substation site for the transformers and other equipment of Authority necessary for service hereunder and with the necessary rights-of-way for transmission lines over customer's property to such site, and Authority shall have the right of ingress to and egress from said site and rights-of-way. The route of said rights-of-way and the location of said substation site shall be agreed upon between the parties hereto, provided that the substation site shall be located within 1,000 feet from customer's furnace plant.

Maintenance by Authority at the point of delivery of the stated voltage and frequency, and the capacity contracted for shall constitute delivery of electric power for the purposes of this contract, but nothing herein contained shall require customer to pay for energy (as contrasted with demand) not consumed.

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Authority agrees, at its own expense, from and after January 1, 1938, to make available at least two transmission circuits over different routes from the sources of supply, each of which shall be of adequate capacity to enable Authority to comply with its obligations as to delivery hereunder.

Authority agrees to install and maintain an oil circuit breaker in the 11,900-volt circuit.

6. Electric-power rates.—Customer shall pay Authority for electricity in accordance with the following rate schedule.

Demand charge.—For firm power, 90 cents per kilowatt of demand per month; for secondary power, 30 cents per kilowatt of demand per month when secondary power is available.

Energy charge.—For total energy consumed including firm and secondary use; First 100,000 kilowatt-hours consumed per month at 4 mills per kilowatt-hour; next 200,000 kilowatt-hours consumed per month at 3 mills per kilowatt-hour; next 700,000 kilowatt-hours consumed per month at 2.5 mills per kilowatt-hour; excess over 1,000,000 kilowatt-hours consumed per month at 2 mills per kilowatt-hour. Charge for energy in excess of 360 times the total measured demand as hereinafter defined shall be subject to a reduction of 0.5 mills per kilowatt-hour from the otherwise applicable rate. It is understood, however, that there shall be no energy charge except to the extent that energy is actually consumed by customer.

[fol. 2348] Determination of Demand

Demand measurement shall be made by suitable instruments at the point of delivery. Total measured demand for any month shall be defined as the highest integrated simultaneous load during any 60 consecutive minute period during the month for which determination is made.

For periods during which secondary power is not available, firm demand shall be taken as 100 per cent of the total measured demand, and there shall be no charge for secondary demand.

For months during which secondary power is available, firm demand shall be taken as 35 per cent of the total measured demand. In no case shall firm demand be taken as

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less than 1,000 kilowatts in the period from December 15, 1936, to June 1, 1937, and then after not less than 8,000 kilowatts, even though said 1,000 or 8,000 kilowatts, as the case may be, shall be in excess of 35 per cent of the total measured demand. Secondary demand shall be taken as the difference between total measured demand and firm demand. During any fractional month for which secondary demand charges are applicable, such charges shall be prorated.

Adjustment of Demand Charge for Power Factor

The customer's demand shall, whenever the normal power factor is less than 85 per cent, be determined upon the basis of 85 per cent power factor; that is, whenever said normal power factor is less than 85 per cent, the demand shall be taken to be 85 per cent of the kilovolt amperes indicated, unless such low power factor is due to causes beyond customer's control.

Adjustment During Developmental Period

Authority recognizing that the rate schedule applicable to electricity delivered hereunder results in a relatively high average power cost to customer during customer's developmental period, agrees to charge customer each month at an average rate not exceeding $3\frac{1}{2}$ mills per kilowatt-hour during the first year of service hereunder.

Minimum Monthly Bill

The customer agrees to pay each month for firm power, including demand and energy, an amount not less than 90 cents times three-quarters of the highest measured monthly firm demand occurring during any month, during the previous 12-month period, or the contract firm demand whichever is the greater; and customer further agrees to pay each month for secondary power, including demand and energy, an amount not less than 30 cents times three-quarters of the highest measured monthly secondary demand occurring during any month, during the previous 12-month [fol. 2349] period, or the contract secondary demand, whichever is the greater, except that in the event secondary power is not available, there will be no minimum bill for

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secondary service. If secondary power is available for only a fraction of a month, the minimum bill for secondary service shall be prorated. Customer shall not be obligated to pay a minimum bill for secondary power for more than 300 days in each year.

7. Curtailment.—If, during the life of this contract, conditions in customer's business are such that customer cannot economically operate so as to use all of the then contracted capacity, customer shall have the right upon giving Authority 12 months' written notice to reduce the then existing contract demand to an amount to be designated by customer, but to not less than 14,000 kilowatts of demand, of which not less than 8,000 kilowatts or 35 per cent (whichever is the greater) shall be primary demand, if the curtailed contract demand is less than 23,000 kilowatts, customer shall have the right, upon 12 months' notice, to increase its contract demand to not over 23,000 kilowatts, of which not less than 8,000 kilowatts or 35 per cent (whichever is the greater) shall be primary demand, but customer shall not thereafter have the right to increase its demand in excess of 23,000 kilowatts or the curtailed contract demand, whichever is the greater, except by agreement of Authority.

8. Adjustment of rates.—Pursuant to the Authority's general policy of nondiscrimination, Authority will in good faith throughout the period of this contract attempt to prevent a situation arising in which electric power generated by the Authority is sold either directly or indirectly in substantial amounts during sustained periods of time to any competitor of customer at lower rates or upon more favorable terms and conditions than those provided in this contract. Authority agrees that, if at any time during the period of this contract, customer calls to its attention any such situation, Authority will in good faith endeavor to agree with customer upon some adjustment in the rates or in the terms and conditions contained herein sufficient to remedy such situation, and Authority agrees that if at any time during the life of this contract Authority should supply transmitted electric power of the same quality as that supplied hereunder to any other industrial customer engaged in substantial manufacture and production sim-

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ilar to that carried on to a substantial extent by customer at its Estes Bend plant, at lower rates than that provided by this contract, Authority shall extend to customer the benefit of such lower rates, for the quality of power to which such rates are applicable and to the extent such power is utilized in manufacture or production similar to that of the customer to whom lower rates are available, during the period such lower rates are available to any such other customer; and if during said period Authority should sell nontransmitted electric power of such quality to any such customer under such circumstances at a rate schedule lower than that set forth in schedule A attached hereto and hereby made a part hereof, customer shall be entitled to a reduction in rates equalling the difference, for the quality of power to which applicable, between the rate schedule set out in schedule A and the lower rate schedule made applicable in such case, during the period such lower rate schedule is available to any such other customer. Authority further agrees that if at any time it lowers its basic demand rate or its basic energy rate for a class of [fol. 2350] quality or service similar to that rendered customer, it will make corresponding reductions in the rate to customer for the class or quality of service as to which the reduction has been made, so long as such reduced rates remain the basic rates of Authority for such class or quality of service.

9. Arbitration.—In case any dispute arises respecting the interpretation or performance of this contract or the rights and duties of either party hereunder, and the parties shall be unable to agree with respect to the matter or matters in dispute, the same shall, at the option of either party, be submitted for determination to a board of arbitrators chosen as herein determined. The party desiring arbitration shall give written notice to the other party setting forth in general terms the matters to be arbitrated and the section or sections of this contract under which the right of arbitration arises and appoint an arbitrator. The other party may in like manner add to the points in dispute and cause them to be submitted to such arbitration and shall within 10 days appoint second arbitrator, but if such appointment is not so made, the party desiring arbitration

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may make application to any judge of the United States Court of Appeals for the Sixth Circuit for the appointment of such second arbitrator. The two arbitrators so appointed shall within 10 days after the appointment of the latter select a third arbitrator but if they shall fail to do so within said period of 10 days either party, after notice to the other, may make application to any of the judges aforesaid and it is hereby agreed that said judge may appoint such arbitrator. Should any arbitrator fail or refuse to act, successors shall be appointed in the same manner as the original arbitrators. The arbitrators, however, named, may act as a majority and shall forthwith hear the parties and shall consider and decide the dispute and shall likewise fix their own compensation and decide how the expense of arbitration shall be borne and shall notify the parties in writing of their decision. Such decision shall be binding upon the parties, subject, however, to such appeal as may at the time be provided by the laws of Tennessee.

In case of dispute, if neither party has given notice to the other of its desire to have such dispute arbitrated, and one party has brought suit against the other on account of matters arising out of the contract, or its alleged breach, then the right to arbitrate shall not apply to the particular matters of dispute then involved in the suit.

10. Previous agreements.—All previous agreements between the parties hereto, whether oral or written, with reference to the subject matter of this agreement, are hereby abrogated. This agreement constitutes the entire contract between the parties and there are no understandings, representations, or warranties of any kind not expressly set forth herein.

11. Waiver of defaults.—Any waiver at any time by either party hereto of its rights with respect to the other party or with respect to any other matter arising in connection with this contract, shall not be considered a waiver with respect to any subsequent default or matter.

[fol. 2351] 12. Assignment.—This contract shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto: Provided, however, That

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the parties hereto shall remain liable for the faithful performance of this contract in all respects by such successors or assigns, and the successors and assigns by acceptance of such transfer or assignment shall likewise become bound for the full performance of the contract until the expiration thereof.

In witness whereof the parties hereto have caused this contract to be executed by their officers, each thereunto duly authorized, the day and year first above written.

Tennessee Valley Authority, by Arthur E. Morgan.

Attest: F. X. Reynolds.

Monsanto Chemical Co., by W. W. Schneider, Secretary.

Attest: C. J. Colley.

Terms and Conditions

1. Metering.—Authority shall at its expense install and maintain the necessary meters of generally approved make and type for measuring electricity supplied to customer. Customer shall have the right to install and maintain at its expense meters for similar purposes, adjacent to Authority's meters, as a check of Authority's meters, and Authority agrees to provide suitable space and facilities for the installation of customer's meters within Authority's substation and to give customer access thereto. All such measurements shall be on the 11,900-volt or low-tension side of Authority's step-down transformers.

Authority shall at its expense and in the presence of representatives of customer upon reasonable notice given to customer make periodical tests and inspections of its meters and transformers in order to maintain a high standard of accuracy.

Authority shall make additional tests and inspections of its meters upon request of customer and in the presence of customer's representatives. If such additional tests show that the meters are accurate within 1 per cent fast or slow at the average low during the preceding 30 days, no adjustment shall be made in customer's bills and the cost of

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making such additional tests or inspections shall be paid by customer. If such additional tests or inspections show the meters to be in excess of 1 per cent fast or slow, the cost of such additional tests or inspections shall be borne by Authority and an adjustment shall be made in customer's [fol. 2352] bills in accordance therewithin over a period not exceeding 30 days prior to the date of such tests. Any of Authority's meters or other equipment found to be defective or more than 1 per cent inaccurate shall be promptly repaired, replaced, or readjusted by Authority. Should Authority's meters at any time fail to register, the consumption during the period of failure shall be determined from customer's meters or by other mutually satisfactory means.

2. Billing.—Bills for electric power service hereunder shall be rendered monthly in accordance with the rates provided for herein. Payment for electric power used in any calendar month shall be due on the fifteenth day of the succeeding month or 10 days after receipt of bill from Authority, whichever is the later. Upon failure of customer to pay for electric power used in any calendar month within 15 days after the due date, Authority shall have the right upon 10 days' written notice to customer to discontinue the supply of electric power and to refuse the resumption of delivery so long as any past due account remains unpaid. To any amount remaining unpaid on the first day of the calendar month following the due date there shall be added a penalty of 1 per cent and an additional 1 per cent shall be added on the first day of each succeeding month until the amount is paid in full; provided, that when any dispute arises as to the correctness of the amount billed, Authority shall not have the right to discontinue supply of electric service nor shall any penalties accrue if within such period of 10 days after such written notice the parties cannot agree on the amount due and within a further period of 10 days thereafter customer pays to Authority the amount which it believes to be due and gives written notice to Authority of its desire to submit the dispute to arbitration and appoints an arbitrator, whereupon the amount due shall be determined by arbitration as herein provided for matters which may be submitted to arbitration.

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All payments shall be made to Authority at its offices at Wilson Dam, Ala., or at such other place as Authority may from time to time designate.

3. Resale of electric power.—The electric power supplied hereunder is for the use of customer's plant, equipment, and facilities, and the plant, equipment, and facilities of any wholly owned or controlled subsidiary of customer at the specified location and shall not be resold. Power delivered to such a subsidiary shall be deemed part of customer's requirements and shall be billed to and paid by customer in the same manner as if customer were using all of said power, provided, that Authority shall be obligated to maintain only a single point of delivery for service to customer and that customer shall be responsible for the redelivery of such part of the power sold hereunder as customer may wish to redeliver to its subsidiaries.

4. Ownership of properties.—Authority shall furnish all facilities for delivering electric power to the point or points of delivery of customer, including transformers, metering and switching equipment and the necessary housing and fencing, and such facilities shall be and remain the property of and be maintained by Authority.

Customer shall exercise reasonable care to protect the property of Authority or customer's premises, and in the [fol. 2353] event of loss or damage to Authority's property on customer's premises arising from failure of customer to exercise reasonable care for same, the cost of necessary repairs or replacements shall be paid by customer. Authority's properly accredited employees shall have access to Authority's substation on customer's premises at all reasonable times for the purpose of reading meters and for testing, repairing, replacing, or removing any and all equipment belonging to Authority. Authority shall remove at its expense its meters and other property from customer's premises upon the termination of this contract.

5. Liability.—Authority shall hold customer harmless against any loss or damage to the public or its employees arising out of the operation of Authority's transmission lines or equipment and the transmission of electric power delivered hereunder up to the point or points of delivery

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herein specified, unless it be proven that such loss or damage was caused by the sole negligence of customer or its subsidiaries, its or their agents, servants, or employees. Conversely, customer shall hold Authority harmless against any loss or damage to the public or its employees arising on the customer's side of point of delivery in connection with the utilization of electric power delivered hereunder, unless it be proven that such loss or damage was caused by the sole negligence of Authority or its agents, servants, or employees.

6. Service.—Authority shall furnish electric power continuously as agreed upon, but Authority, its officers, agents, or employees shall not be liable for damages or breach of contract when service is interrupted or suspended by reason of injunction, strike, riot, invasion, fire, accident, breakdown, act of God, or from any other causes beyond Authority's control, or caused by the making of necessary repairs on Authority's system or by connecting or disconnecting customer's services, but Authority shall make appropriate adjustment of the demand and energy charges in the event of such interruption or suspension of service. Authority shall give as much notice as possible before interrupting service to make repairs. Authority shall as far as possible avoid discontinuance of service hereunder for routine operating purposes, and when such discontinuance is necessary, Authority shall restore service as speedily as possible. During such interruption or suspension of service, customer shall have the right to purchase such other power as may be available.

Customer shall notify Authority immediately should the service be unsatisfactory for any reason or should there be any difficulties, troubles, or accidents affecting the supply of electricity. Such notices, if verbal, shall be confirmed in writing.

In the event of customer's operations being interrupted or suspended by reason of injunction, strike, riot, invasion, fire, accident, breakdown, act of God, or from any other causes beyond customer's control, customer will not be obligated to take or buy any electric power as herein provided for nor to pay demand or minimum charges during the period of such interruption, and the demand and minimum

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charges for the month in which such interruption occurs shall be adjusted accordingly.

Should Authority fail for any reason to supply either firm or secondary power in the amounts herein provided for or to maintain voltage and frequency within the prescribed limits, or to avoid undue interruptions or irregularities [fol. 2354] of service, or to fulfill the requirements of any arbitration proceedings thereunder, or otherwise fail to meet any of the obligations imposed by this contract, customer may, after 60 day's written notice of such defaults with specifications thereof, and subject to the arbitration provisions hereof relating to any issues of fact involved, itself generate any part of its electric-power requirements or purchase such requirements from any other source during all or any part of the unexpired period of this contract. Such electric power as customer continues to receive from Authority, supplementary to other sources of power in accordance with the foregoing, shall be paid for in accordance with the provisions hereof. Such substitution of other sources of power shall not relieve Authority of any of the obligations hereof.

Should customer fail to fulfill the requirements of this contract or of any arbitration proceedings hereunder, or to take and pay for electric power under the terms hereof, Authority may, after 60 days' written notice of such default with specifications thereof, if the customer does not correct such default within 60 days after receiving such notice, refuse to continue to deliver power hereunder to customer and may dispose of the power contracted for hereunder to others. Such disposition of power to others shall not relieve customer of any of the obligations hereof.

Either party shall have the right to maintain suit at any time for any loss that may previously have occurred without waiting until expiration of the contract period and without losing or waiving any right to maintain suit for subsequent losses occurring during the period of the contract, and recovery in any such suit shall not be deemed a splitting of the cause of action.

7. Addition of load.—The service connection, transformers, meters, and equipment supplied by Authority for cus-

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tomer have definite capacity and no addition to customers' equipment or load connected thereto, in excess of such capacity, shall be made except after reasonable notice to Authority. Failure to give such notice of additions or changes in load shall render customer liable for any damage to Authority's lines or equipment caused by the additional or charged installation.

8. Customer's lines and equipment.—All lines and equipment of customer must conform to accepted modern practice. Authority shall have the right but shall not be obligated to require a certificate from the chief engineer of customer as to the quality and condition of customer's installation before electricity is introduced, or at any later time, and reserves the right to reject any wiring or equipment so certified which is not in accordance with Authority's reasonable standards. The requirement of such a certificate, or the failure to require such a certificate or to reject any installation so certified, shall not render Authority liable or responsible for any loss or damage resulting from the defects in the installation of any electrical equipment, or from violation of the contract, or from accidents which may occur upon customer's premises.

9. Voltage fluctuations caused by customer.—Electric service must not be used in such manner as to cause fluctuations or disturbances, unusual to normal electric furnace operation, to Authority's system, and Authority may require customer at its own expense to install suitable apparatus to reasonably limit such fluctuations.

10. Phase balancing.—Customer shall at all times take and use energy in such manner that the load will be balanced between phases to within 10 per cent of normal. In the event of polyphase loads unbalanced in excess of 10 per cent, Authority reserves the right to require customer on 60 days' written notice at its own expense to make the necessary changes to correct such unbalancing, and if such unbalancing is not then corrected, to compute the demand on the assumption that the load of each phase is equal to that on the greatest phase.

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Schedule A

Contract Between Tennessee Valley Authority and
Monsanto Chemical Co.

Demand charge.—For firm nontransmitted power delivered at the switchboard of the Authority's hydroelectric generating plants, \$0.81 per kilowatt of demand per month.

For secondary nontransmitted power delivered at the switchboard of the Authority's hydroelectric generating plants available to customers 300 days, to be selected by the Authority, out of each successive 12-month period, no demand charge.

Energy charge.—First 100,000 kilowatt-hours consumed per month at 3.6 mills per kilowatt-hour; next 200,000 kilowatt hour consumed per month at 2.7 mills per kilowatt-hour; next 700,000 kilowatt-hours consumed per month at 2.25 mills per kilowatt-hour; excess over 1,000,000 kilowatt-hours consumed per month at 1.8 mills per kilowatt-hour. Charge for energy in excess of 360 times the total measured demand shall be subject to a reduction of 0.45 mill per kilowatt-hour from the otherwise applicable rate.

The above rates are subject to contract provisions and rules and regulations of the Authority.

[fol. 2356] Power Contract Between TVA and Monsanto
Chemical Company, Dated May 16, 1936

This contract, omitting the formal parts thereof, is as follows:

Whereas it is expected that customer will require electric power for such plant and equipment for a temporary period prior to November 15, 1936 and the parties desire to enter into a separate agreement for such earlier service, or terms and conditions similar to those contained in said contract of May 15, 1936;

We, therefore, in consideration of the mutual covenants and agreements hereinafter set forth, and subject to the provisions of the Tennessee Valley Authority Act of 1933, the parties hereto mutually covenant and agree as follows:

1. Authority shall make available to customer 250 kilowatts of firm electric power at any time between August

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15 and September 15, 1936, upon 7 days' advance written notice from customer. Customer shall be obligated to pay, as a minimum, the demand charges on such 250 kilowatts on and after September 15, 1936, unless customer has obligated itself by written notice to Authority to take such power at an earlier date. Authority shall make available to customer a total of 1,000 kilowatts of firm electric power (which includes the foregoing 250 kilowatts) at any time between September 1 and October 1, 1936, upon 15 days' advance written notice from customer. Customer shall be obligated to pay, as a minimum, the demand charges on such 1,000 kilowatts on and after October 1, 1936, unless customer has obligated itself to take such additional power at an earlier date; Provided, however, That if difficulties beyond the control of Authority shall delay completion of construction beyond August 15, 1936, the obligation of Authority to deliver and customer to purchase power on August 15, 1936, shall be postponed to the extent of the delay beyond August 15, 1936. Delivery shall in no event commence later than September 15, 1936.

2. All the terms, conditions, and provisions of said contract of May 15, 1936, between the parties hereto, not inconsistent herewith, including service specifications, rates, delivery, determination of demand, adjustments, metering, billing, et cetera, shall apply to and are hereby made a part of this contract. This contract, however, is a separate undertaking and does not in any way alter, modify, or supplement the said contract of May 15, 1936.

3. The service covered by this contract is in addition to that covered by the contract of May 15, 1936, and the service and obligations of the parties under this contract shall cease and terminate upon the commencement of service to customer under said contract of May 15, 1936.

[fol. 2357] Amendatory Contract to Contract of May 15, 1936, Between TVA and Monsanto Chemical Company, Dated June 2, 1936

This contract, omitting the formal parts thereof, is as follows:

1. The last paragraph of section 4 of said contract shall read as follows:

COMPLAINANTS' EXHIBIT No. 118

"The electric power supplied hereunder shall be in the form of 3-phase, 60-cycle, 44,000-volt alternating current. Said frequency, generation, transmission, service, and voltage shall be maintained in accordance with the best commercial standard for hydroelectric systems. Voltage variation at primary bus shall not exceed $2\frac{1}{2}$ per cent up or down from normal, except in case of temporary interruption to service."

2. The first sentence of the first paragraph of section 5 of said contract shall read as follows:

"5. Point of delivery.—Point of delivery shall be on customer's side of the Authority's substation to be located on customer's property at Estes Bend on the Duck River near Columbia, Tenn."

3. The last paragraph of section 5 of said contract shall read as follows:

"Authority agrees to install and maintain an oil circuit breaker on the incoming side of the above-described substation."

4. The first paragraph of section 1 (titled "Metering") of the terms and conditions attached to and made a part of said contract shall read as follows:

"1. Metering.—Authority shall at its expense install and maintain the necessary meters of generally approved make and type for measuring electricity supplied to customer. Customer shall have the right to install and maintain at its expense, meters for similar purposes, adjacent to Authority's meters, as a check on Authority's meters, and Authority agrees to provide suitable space and facilities for the installation of customer's meters within Authority's substation and to give customer access thereto. All such measurements shall be on customer's side of Authority's substation."

[fol. 2358] COMPLAINANTS' EXHIBIT No. 119

Power Contract Between Tennessee Valley Authority and
City of Amory, Mississippi

This Agreement, made and entered into this 15th day
of October, 1936, between the Tennessee Valley Authority,

COMPLAINANTS' EXHIBIT No. 119

hereinafter called "Authority," a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and City of Amory, Mississippi, a municipal corporation duly organized, created, and existing under and by virtue of the laws of the State of Mississippi, hereinafter called "Municipality," its successors and assigns,

Witnesseth:

Whereas, Authority, by Section 10 of said Act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, Counties, Municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas, by Section 11 of said Act it is provided that the sale of power by Authority shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available; and

Whereas, Municipality by legislative authority owns and operates a municipal electric distribution system; and [fol. 2359] Whereas, Municipality desires to purchase power from Authority for municipal purposes and for resale and proposes to pay therefor; and

Whereas, after investigation by Authority, it appears that quantities of power generated at Wilson Dam, Alabama, sufficient to meet the requirements of Municipality, under the terms of this contract, will be available for sale by Authority after all requirements of Authority and of the United States have been fulfilled; and

Whereas, all parties to this contract have duly authorized its execution;

Now, Therefore, for and in consideration of the mutual covenants herein contained, and subject to all of the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Term of Contract.—This contract shall become effective upon the execution hereof, and shall continue in effect for twenty years; Provided, that all obligations of the parties hereto with regard to the rendition of service and payment therefor shall begin upon the date of execution hereof.

COMPLAINANTS' EXHIBIT No. 119

All service and payment periods hereinafter referred to shall be computed from the date first above written.

2. Power Supply.—Authority will, from the date of initial delivery to the expiration hereof, supply electricity to Municipality for municipal purposes and for resale. Municipality agrees to purchase from Authority, and Authority agrees to supply, the entire electricity requirements of Municipality. Should Municipality during the period of this contract desire to increase its purchases in excess of 6000 kw. Authority shall deliver such excess upon written demand [fol. 2360] and after reasonable notice; Provided that the requirements of Authority and/or the United States reasonably enable it to do so. Reasonable notice shall be defined as nine (9) months after date of demand if the additional requirements are 5000 kw. or less, twelve (12) months after date of demand if the additional requirements are over 5000 kw. but not over 10,000 kw. and two (2) years after date of demand if the additional requirements are in excess of 10,000 kw. Said energy shall be delivered in the form of three phase, alternating current, at approximately 60 cycles per second and approximately 2,300 volts, or at such other voltage as the parties may from time to time agree.

3. Point of Delivery.—Authority will deliver the electricity purchased hereunder at the low tension side of the transformer bank or banks owned by Authority and located adjacent to Municipality's water and light plant in the City of Amory, Mississippi. The energy to be supplied Municipality hereunder shall be metered at the metering equipment owned by Authority and located in said substation yard. The Authority will install only such oil circuit breakers as in its opinion are necessary for the protection of its transformer bank or banks, and/or the transmission line or lines, supplying energy to such substation.

4. Schedule of Rates.—Attached hereto, and hereby made a part hereof, is a "Schedule of Rates and Charges." Municipality agrees to pay for the energy supplied by Authority at the rates fixed in Schedule A-1 entitled "Wholesale Power Rate." All payments shall be made to Authority at its offices at Wilson Dam, Alabama, or at such other place as Authority may from time to time designate.

COMPLAINANTS' EXHIBIT No. 119

[fol. 2361] 5. Resale Rates.—In order to insure a wide and ample distribution of electricity in the area served by Municipality, Authority and Municipality agree as follows:

(a) Municipality agrees that the surplus power purchased hereby shall be sold and distributed to the ultimate consumer without discrimination between consumers of the same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any customer.

(b) Municipality shall charge consumers, including all municipal and governmental customers and departments, the rates set forth for the several classes thereof in Schedules B-1, B-2, B-3, and B-5 of the Schedule of Rates and Charges, and not to depart therefrom except by agreement of the parties. Additional resale schedules for special classes of consumers or special uses of electricity may be added from time to time by agreement of the parties.

(c) If it should appear that the rates provided for in said resale schedules, with the surcharge provided for therein, do not produce revenues sufficient to operate and maintain Municipality's electric system on a self-supporting and financially-sound basis, including requirements for interest and amortization on indebtedness applicable to Municipality's electric system, Authority and Municipality shall agree upon, and Municipality shall put into effect, such changes in rates as will provide for the increased revenues necessary to place the system upon such self-supporting and financially-sound basis.

(d) Municipality shall dispose of its gross revenues from electric operations in the following manner:

[fol. 2362] (1) Revenues shall first be used for the payment of all current operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale and insurance.

(2) From remaining revenues Municipality shall next currently provide for the payment at maturity of interest accrued on all bonds or other indebtedness applicable to Municipality's electric system, and for amortization charges on all such bonds or other indebtedness and/or sinking fund payments thereon.

COMPLAINANTS' EXHIBIT No. 119

(3) Thereafter revenues shall be used currently to set up reasonable reserves for replacements, new construction and for contingencies, and to provide a reasonable amount of cash working capital.

(4) From remaining revenues Municipality shall thereafter pay into its General Fund a return on its investment and a tax equivalent as provided in the Financial and Accounting Policy in the Schedule of Terms and Conditions of Contract attached hereto.

(5) All remaining revenues shall be considered surplus revenues and may be devoted by Municipality to the purchase or retirement of bonds or other indebtedness applicable to the electric system before maturity, and if not so devoted shall serve as the basis for the reduction or elimination of surcharges to consumers, and thereafter for the reduction of rates. Surplus revenues shall be computed as of December 31, and June 30, of each year.

6. Municipality's Investment in Electric System.—For the purpose of this agreement the investment of Municipality in its electric system, including standby value of generating plant, as of the date of initial delivery of electricity to Municipality by Authority (September 2, 1934) is agreed [fol. 2363] to be the sum of \$39,663.00 as determined as follows:

| | | |
|---|-------------|--------------------|
| Replacement Cost New of Distribution System | \$86,532.00 | |
| Less Accrued Depreciation | 21,009.00 | |
| Present Value of Distribution System | | \$65,523.00 |
| Present Standby Value of Generating Plant | | 22,140.00 |
| Total | | <u>\$87,663.00</u> |
| Bonds Applicable to Electric System plus Accrued Interest | \$48,000.00 | |
| Other Indebtedness Applicable to Electric System | | None. |
| Total Indebtedness Applicable to Electric System | | <u>\$48,000.00</u> |
| Net Investment | | <u>\$39,663.00</u> |

COMPLAINANTS' EXHIBIT No. 119

7. Payment for Municipality's Energy Requirements.—Municipality agrees to pay into its electric funds from appropriate general or special funds for all electric service required by Municipality for street lighting, water pumping and other operations and uses, at the resale rates as set forth in the Schedule of Rates and Charges, with such modifications and additions as may from time to time be agreed upon by the parties.

8. Terms and Conditions.—Attached hereto, and hereby made a part hereof, is a schedule entitled, "Schedule of Terms and Conditions." The provisions of this schedule may from time to time be changed or supplemented by agreement of Municipality and Authority. It is understood and agreed that the several provisions of the said schedule, with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the Schedule of Rates and Charges, are of the essence of this contract.

[fol. 2364] 9. Rules and Regulations.—Attached hereto and hereby made a part hereof is a "Schedule of Rules and Regulations." Municipality hereby adopts said Schedule of Rules and Regulations. The provisions of said schedule may be amended, supplemented or repealed by Municipality at any time upon ten (10) days written notice to Authority setting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is inconsistent with or in violation of any of the provisions of the remaining part of this contract. In said schedule the term "Distributor" shall be construed to mean Municipality.

10. Waiver of Defaults.—Any waiver at any time by either party hereto of its rights with respect to any default of the other party hereto and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

11. Contract not Transferable.—Neither this contract nor any interest therein shall be transferable or assignable by Municipality to any other party without the consent of Authority.

COMPLAINANTS' EXHIBIT No. 119

12. Re-cission of Prior Contracts.—The power contract dated March 9, 1934, and the investment contract dated March 15, 1935, between the parties hereto, are hereby cancelled, annulled and rescinded.

In Witness Whereof, the parties hereto have caused this [fol. 2365] instrument to be signed and attested in duplicate, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, (Sgd.) by Arthur E. Morgan, Chairman, Board of Directors. C. G. D., Legal Division. (Seal.)

Attest: (Sgd.) Charles E. Hoffman, Assistant Secretary.

City of Amory, Mississippi, by J. R. Buchanan, Mayor. (Seal.)

Attest: (Sgd.) O. H. Owens, City Clerk.

JLF:CGD:LJ.

[fol. 2366] The Schedule of Rates and Charges, the Schedules of Terms and Conditions and Rules and Regulations attached to this contract are substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, Tennessee. (Complainants' Exhibit No. 118.)

[fol. 2367] COMPLAINANTS' EXHIBIT No. 120

Power Contract Between TVA and the City of New Albany, Mississippi, Dated March 1, 1937

(Here omitted as such contract appears in full at pages 251 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2368] COMPLAINANTS' EXHIBIT No. 121

**Supplemental Contract Between TVA and the City of
Okolona, Mississippi, Dated March 24, 1937**

This contract, omitting the formal parts thereof, is as follows:

Whereas, the parties hereto have heretofore entered into a certain contract entitled "Power Contract Between Tennessee Valley Authority and City of Okolona, Mississippi," dated May 1, 1935, under which Municipality purchases power at wholesale from Authority, and

Whereas, the amortization collections which are being made under Article 6 of said Power Contract are to terminate upon the satisfaction of certain indebtedness which Municipality had incurred on its generating plant, and said indebtedness will have been satisfied sometime during the month of April, 1937, and

Whereas, a judgment of \$5,000.00 was entered on October 17, 1935, against Municipality in a Federal District Court in Mississippi, in a case entitled Gillespie v. City of Okolona, which judgment arose out of the operation of Municipality's electric system, but prior to the execution of the Power Contract referred to above, and the parties hereto have agreed that half of said judgment, or \$2,500.00, shall be paid by the electric system, and the other half shall be paid out of general funds of Municipality, and

Whereas, pursuant to the terms of Article 7 of said Power Contract Municipality is indebted to Authority in the sum of \$7,831.00, and

Whereas, Municipality contemplates making further additions and replacements that will cost approximately \$8,000.00, and

Whereas, Municipality desires to continue these amortization collections and the Authority is willing that said indebtedness should be paid in part from such amortization collections, any provisions of the Power Contract to the contrary notwithstanding, and

Whereas, all the necessary acts have been done to authorize the making of this contract,

Now, Therefore, in Consideration of the premises and the mutual covenants herein contained, the parties do hereby agree as follows:

COMPLAINANTS' EXHIBIT No. 121

1. Article 6 of the Power Contract referred to above is hereby amended so that Municipality may continue to add to its resale rates the temporary amortization charge, applicable to all customers, of one cent (1¢) per kwh. for the first one hundred (100) kwh. used per month, such charge to be not less than twenty-five cents (25¢) or more than one dollar (\$1.00) per customer per month, until the following indebtedness is paid:

A. \$2,500.00 and accrued interest and one half the costs on the judgment entered on October 17, 1935, against Municipality in the Federal District Court, Northern Division of Mississippi, in the case entitled Gillespie v. City of Okolona.

[fol. 2369] B. \$7,831.00, with interest at $3\frac{1}{2}\%$ per annum, payable semi-monthly on the unpaid balance, which represents the indebtedness of Municipality to Authority, under the provisions of Article 7 of said Power Contract. The rate of interest provided in said Article 7 is hereby reduced from 4% to $3\frac{1}{2}\%$ per annum, payable semi-annually on the unpaid balance, including interest on any unpaid interest, such change to become effective as of the effective date of this contract.

C. \$8,000.00, which sum is to be used by Municipality for the rehabilitation of its electric distribution system.

Municipality shall keep all such amortization collections separate from other funds and shall treat them as trust funds to be applied exclusively to the payment of the items mentioned in subsections A, B, and C above. To the amount collected each month as amortization charges there shall be added an amount from gross revenues which shall make available for the above described indebtedness a total sum of \$300.00 every month. Said \$300 payments shall be devoted, first, to the amortization of the indebtedness set out in subsection A, second, to the indebtedness set out in subsection B, and lastly, to the indebtedness set out in subsection C. In the event amortization collections exceed the sum of \$300 monthly all such collections shall be used for the amortization of the above indebtedness.

2. In no event shall Municipality continue to make these amortization collections after January 1, 1942.

COMPLAINANTS' EXHIBIT No. 121

3. Nothing herein contained shall be construed to affect Municipality's obligation to the United States of America acting through the Federal Emergency Administration of Public Works for the repayment of the loan used by Municipality in constructing rural lines in the vicinity of the City of Okolona.

4. Nothing herein contained shall be construed to rescind or annul any clauses in said Power Contract that are not plainly inconsistent herewith. Nor shall the manner of payment herein set forth be regarded as a waiver by Authority of its right to surplus revenues as defined in Article 6 of said Power Contract.

5. This contract shall become effective the first day of April, 1937.

In Witness Whereof, the parties hereto have caused this instrument to be executed the day and year first above written.

Tennessee Valley Authority (S.) by Arthur E. Morgan, Chairman, Board of Directors.

Attest: (S.) Charles E. Hoffman, Assistant Secretary.

City of Okolona, Mississippi, (S.) by J. C. Lieper, Mayor.

Attest: (S.) E. D. Elias, City Clerk.

[fol. 2370] COMPLAINANTS' EXHIBIT No. 122

Supplemental contract between TVA and the City of Holly Springs, Mississippi, dated February 2, 1937.

This contract, omitting the formal parts thereof, is as follows:

Now, Therefore, for and in consideration of the mutual covenants herein contained, the parties hereto mutually covenant and agree as follows:

1. Paragraph 8 of that agreement entitled "Power Contract Between Tennessee Valley Authority and City of

COMPLAINANTS' EXHIBIT No. 122

Holly Springs" executed on November 12, 1935, is hereby amended to read as follows:

8. Municipality's Investment in Electric System.—For the purpose of this agreement the investment of Municipality in its electric system as of the date hereof is agreed to be the sum of \$28,812.00 determined as follows:

| | |
|---|-------------|
| Replacement Cost New | \$53,530.00 |
| Less Accrued Depreciation | 19,033.00 |
| | <hr/> |
| Present Value | \$34,497.00 |
| Standby Value of Generating Plant | 19,315.00 |
| | <hr/> |
| Total | \$53,812.00 |
| Bonds Applicable to Electric System Plus Accrued Interest | <hr/> |
| | \$25,000.00 |
| Other Indebtedness Applicable to Electric System | None. |
| Total Indebtedness Applicable to Electric System | <hr/> |
| | \$25,000.00 |
| Net Investment | <hr/> |
| | \$28,812.00 |

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested in duplicate, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority (Sgd.) by Arthur E. Morgan, Chairman of the Board. W. T. M., Legal Div. (Seal.)

Attest: (Sgd.) Charles E. Hoffman, Assistant Secretary.

City of Holly Springs, (Sgd.) by Geo. M. Buchanan, Mayor. (Seal.)

Attest: (Sgd.) C. B. Smith, City Clerk.

JLF:WTM:MLC.

[fol. 2371] COMPLAINANTS' EXHIBIT No. 123

Power Contract Between TVA and the City of Florence, Alabama, Dated July 6, 1936

(Here omitted as such contract appears in full at pages 135 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

COMPLAINANTS' EXHIBIT No. 124

Power contract between TVA and the City of Tuscumbia, Alabama, dated March 8, 1937.

(Here omitted as such contract appears in full at pages 264 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2372] COMPLAINANTS' EXHIBIT No. 125

Power Contract Between TVA and the City of Knoxville, Tennessee, Dated March 1, 1934

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Athens, Alabama, except:

1. The maximum amount of power TVA shall be obligated to deliver during the first two year period is 3500 kw.

2. The point of delivery shall be at the outgoing side on the low tension side of the main step-down transformer of the substation or substations to be constructed, owned and operated by TVA, to be located at a point or points to be selected by TVA within the corporate limits of the City of Knoxville, Tennessee.

3. The City of Knoxville is to use all reasonable diligence in acquiring by construction or purchase a municipal distribution system and TVA agrees, upon request of said City, to render without compensation such accounting, legal and engineering assistance looking to the acquisition of such a system as TVA may deem helpful or advisable.

[fol. 2373] COMPLAINANTS' EXHIBIT No. 126

Power Contract Between TVA and the City of Russellville, Alabama, Dated March 13, 1934

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Athens, Alabama, except:

1. The maximum amount of electricity which TVA agrees to supply within the first two year period is 2,000 kw.

COMPLAINANTS' EXHIBIT No. 126

2. The point of delivery shall be at or within the corporate limits of the City of Russellville at a point to be selected by TVA.

3. The City of Russellville is to use all reasonable diligence in acquiring by construction or purchase a municipal distribution system and TVA agrees, upon request of said City, to render without compensation such accounting, legal and engineering assistance looking to the acquisition of such a system as TVA may deem helpful or advisable.

[fol. 2374] COMPLAINANTS' EXHIBIT No. 127

**Power Contract Between TVA and the City of Decatur,
Alabama, Dated March 14, 1934**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Athens, Alabama, except:

1. The maximum amount of electricity which TVA agrees to supply within the first two year period is 7500 kw.

2. The point of delivery shall be at or within the corporate limits of the City of Decatur at a point to be selected by TVA.

3. The City of Decatur is to use all reasonable diligence in acquiring by construction or purchase a municipal distribution system and TVA agrees, upon request of said City, to render without compensation such accounting, legal and engineering assistance looking to the acquisition of such a system as TVA may deem helpful or advisable.

[fol. 2375] COMPLAINANTS' EXHIBIT No. 128

**Power Contract Between TVA and the City of Guntersville,
Alabama, Dated May 21, 1937**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Sheffield, Alabama, except:

1. The initial amount of electricity which TVA shall be obligated to deliver shall not be in excess of 3000 kw.

COMPLAINANTS' EXHIBIT No. 128

2. The point of delivery shall be at a point within or near the corporate limits of the City of Guntersville and at a point to be mutually agreed upon between TVA and the City of Guntersville, Alabama.

3. It contains the following provisions in lieu of paragraph 8 of the contract between TVA and the City of Sheffield, Alabama (Complainants' Exhibit 118):

"8. Terms and Conditions.—Attached hereto, and hereby made part hereof, is a schedule entitled "Schedule of Terms and Conditions." The provisions of this schedule may from time to time be changed or supplemented by agreement of Municipality and Authority. It is understood and agreed that the several provisions of the said schedule, with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the Schedule of Rates and Charges, are of the essence of this contract.

9. Rules and Regulations.—Attached hereto and hereby made a part hereof is a "Schedule of Rules and Regulations." Municipality hereby adopts said Schedule of Rules and Regulations. The provisions of said schedule may be amended, supplemented, or repealed by Municipality at any time upon ten (10) days' written notice to Authority setting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is inconsistent with or in violation of any of the provisions of the remaining part of this contract. In said schedule the term "Distributor" shall be construed to mean Municipality."

[fol. 2376] COMPLAINANTS' EXHIBIT No. 129

Power Contract Between TVA and the City of Chattanooga,
Tennessee, Dated June 17, 1937

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and the City of Sheffield, Alabama, except:

1. The maximum amount of power agreed to be furnished by TVA shall not be in excess of 30,000 kw. except upon

COMPLAINANTS' EXHIBIT No. 129

notice as provided for in the contract between TVA and the City of Sheffield, Alabama.

2. The point of delivery shall be at the Chickamanga Dam site on the south side of the Tennessee River.

3. It contains the following provisions in lieu of paragraph 8 of the contract between TVA and the City of Sheffield, Alabama (Complainants' Exhibit 118):

"7. Terms and Conditions.—Attached hereto, and hereby made a part hereof, is a schedule entitled 'Schedule of Terms and Conditions.' The provisions of this schedule may from time to time be changed or supplemented by agreement of Board and Authority. It is understood and agreed that the several provisions of the said schedule, with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the Schedule of Rates and Charges, are of the essence of this contract.

8. Rules and Regulations.—Attached hereto and hereby made a part hereof is a 'Schedule of Rules and Regulations.' Board hereby adopts said Schedule of Rules and Regulations. The provisions of said schedule may be amended, supplemented, or repealed by Board at any time upon ten (10) days' written notice to Authority setting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is inconsistent with or in violation of any of the provisions of the remaining part of this contract. In said schedule the term 'Distributor' shall be construed to mean Board."

[fol. 2377] COMPLAINANTS' EXHIBIT No. 130

Power Contract Between Tennessee Valley Authority and
City of Middlesborough, Kentucky

This Agreement, made and entered into this 29th day of July, 1937, between the Tennessee Valley Authority, hereinafter called "Authority," a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and the City of Middlesborough, Kentucky, a mu-

COMPLAINANTS' EXHIBIT No. 130

municipal corporation duly organized, created, and existing under and by virtue of the laws of the State of Kentucky, hereinafter called "Municipality," its successors and assigns:

Witnesseth

Whereas, Authority, by Section 10 of said act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, Counties, Municipalities, and co-operative organizations of citizens or farmers not organized or doing business for profit; and,

Whereas, by section 11 of said act it is provided that the sale of power by Authority shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available; and,

Whereas, the electorate of Municipality have by referendum authorized Municipality to acquire by construction or purchase a municipal electric distribution system, and Municipality intends to acquire and operate such a system;

Whereas, Municipality desires to purchase power from Authority for municipal purposes and for resale and proposes to pay therefore; and

Whereas, after investigation by Authority, it appears that quantities of power generated at Authority's dams, sufficient to meet the requirements of Municipality under the terms of this contract, will be available for sale by Authority after all requirements of Authority and of the United States have been fulfilled; and,

Whereas, all parties to this contract have duly authorized its execution; Now, Therefore, for and in consideration of the mutual covenants herein contained, and subject to all the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Term of Contract.—This contract shall become effective upon the execution thereof, and shall continue in effect for twenty years; Provided, that all obligations of the parties hereto with regard to the rendition of service and payment therefor shall begin at such time (hereinafter designated "date of initial delivery") as Authority shall have

COMPLAINANTS' EXHIBIT No. 130

completed acquisition or construction of the transmission and transformation facilities necessary to serve Municipality, and Municipality shall have acquired its distribution system, or any part thereof, and shall be in physical position to take such service for its said system or part thereof. All service and payment periods hereinafter referred to shall be computed from the date of initial delivery.

2. Acquisition of System.—Municipality agrees to use all reasonable diligence in acquiring, by construction or purchase, a municipal distribution system. Upon six month's notice in writing that Municipality has completed arrangements and executed firm contracts for the purchase or construction of said system and the financing thereof, including customer commitments giving Municipality an assured load of at least 1000 kw., Authority agrees to arrange to construct or acquire such transmission facilities as are reasonably necessary to supply Municipality's [fol. 2378] wholesale power requirements, giving due regard to the magnitude thereof. In the event Municipality determines to construct its distribution system it shall also notify Authority of the date on which actual construction is begun, in order that Authority may coordinate its construction or acquisition plans with those of the Municipality. In no event shall Authority be obligated to commence delivery of power to Municipality hereunder prior to December 30, 1938.

3. Power Supply.—Authority will, from the date of the initial delivery to the expiration hereof, supply electricity to Municipality for municipal uses and for resale. Municipality agrees to purchase from Authority, and Authority agrees to supply, the entire electrical requirements of Municipality. Should Municipality during the period of this contract, desire to increase its purchase in excess of 3000 kw., Authority shall deliver such excess upon written demand and after reasonable notice, provided that the requirements of Authority and/or the United States reasonably enable it to do so. Reasonable notice shall be defined as nine months after date of demand if the additional requirements are 5000 kw. or less, twelve (12) months after date of demand if the additional requirements are over 5000 kw. but not over 10,000 kw., and two (2) years after

COMPLAINANTS' EXHIBIT No. 130

date of demand if the additional requirements are in excess of 10,000 kw. Said energy shall be delivered in the form of three phase, alternating current, at approximately 60 cycles per second and approximately 11,000 volts, or at such other voltage as the parties may from time to time agree.

4. Point of Delivery.—Authority shall deliver the power purchased hereunder at such point within or near the corporate limits of the Municipality as shall hereafter be agreed upon between Authority and Municipality, and Municipality shall furnish Authority gratis a sub-station site for the period of this contract. The energy to be supplied Municipality hereunder shall be metered at the low tension side of the step-down transformer bank or banks of the sub-station or sub-stations to be constructed, owned, and operated by Authority, and Authority will install only such oil circuit breakers as in its opinion are necessary for the protection of its transformer bank or banks and/or the transmission line or lines supplying energy to such sub-stations.

5. Schedule of Rates.—Attached hereto, and hereby made a part hereof, is a "Schedule of Rates and Charges." Municipality agrees to pay for the energy supplied by Authority at the rates fixed in Schedule A-1 entitled "Wholesale Power Rate." Municipality shall pay Authority the following amounts annually: as a minimum:

First year after date of initial delivery . . . \$15,000 per year.
Second year after date of initial delivery . . . \$40,000 per year.
Third year after date of initial delivery . . . \$60,000 per year.

In the event that this contract terminates on a date other than an anniversary of the date of initial delivery, the minimum bill for the partial year shall be prorated on a calendar basis. Any sums due under the minimum bill provisions of this section shall be paid within thirty (30) days after the end of the year or partial year for which such sums are due. All payments shall be made to Authority at its office at Wilson Dam, Alabama, or at such other place as Authority may from time to time designate.

6. Resale Rates.—In order to insure a wide and ample distribution of electricity in the area served by Municipality, Authority and Municipality agree as follows:

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(a) Municipality agrees that the surplus power purchased hereby shall be sold and distributed to the ultimate consumer without discrimination between consumers of the [fol. 2379] same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any customer.

(b) Municipality agrees to charge consumers, including all municipal and governmental customers and departments, the rates, set forth for the several classes thereof in Schedule B-1, B-2, B-3, and B-5 of the Schedule of Rates and Charges, and not to depart therefrom except by agreement of the parties. Additional resale schedules for special classes of consumers or special uses of electricity may be added from time to time by agreement of the parties.

(c) If it should appear that the rates provided for in said resale schedules, with the surcharge provided for therein, do not produce revenue sufficient to operate and maintain Municipality's electric system on a self-supporting and financially-sound basis, including requirements for interest and amortization on indebtedness applicable to Municipality's electric system, Authority and Municipality shall agree upon, and Municipality shall put into effect such changes in rates as will provide for the increased revenues necessary to place the system upon such self-supporting and financially-sound basis.

(d) Municipality agrees to dispose of its gross revenues from electric operations in the following manner:

(1) Revenues shall first be used for the payment of all current operating expenses, including salaries, wages, cost of material and supplies, power at wholesale and insurance.

(2) From remaining revenues Municipality shall next currently provide for the payment at maturity of interest accrued on all bonds or other indebtedness applicable to Municipality's electric system, and for amortization charges on all such bonds or other indebtedness and/or sinking fund payments thereon.

(3) Thereafter revenues shall be used currently to set up reserves for replacements, new construction and for con-

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tingencies, and to provide a reasonable amount of cash working capital.

(4) From remaining revenues Municipality shall thereafter pay into its General Fund a return on its investment and a tax equivalent as provided in the Financial and Accounting Policy in the Schedule of Terms and Conditions of Contract attached hereto.

(5) All remaining revenues shall be considered surplus revenues and may be devoted by Municipality to the purchase or retirement of bonds or other indebtedness applicable to the electric system before maturity, and if not so devoted shall serve as the basis for the reduction or elimination of surcharges to consumers, and thereafter the reduction of rates. Surplus revenues shall be computed as of December 31 and June 30 of each year.

6. Payment for Municipality's Energy Requirements.—Municipality agrees to pay into its electric funds from appropriate general or special fund for all electric service required by Municipality for street lighting, water pumping, and other operations and uses, at the resale rates as set forth in the Schedule of Rates and Charges, with such modifications and additions as may from time to time be agreed upon by the parties.

7. Terms and Conditions: Attached hereto, and hereby made a part hereof, is a schedule entitled "Schedule of Terms and Conditions." The provisions of this schedule may from time to time be changed or supplemented by agreement of Municipality and Authority. It is understood and agreed that the several provisions of the said schedule, with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and the Schedule of Rates and Charges, are of the [fol. 2380] essence of this contract.

8. Rules and Regulations.—Attached hereto and hereby made a part hereof is a "Schedule of Rules and Regulations." Municipality hereby adopts said Schedule of Rules and Regulations. The provisions of said schedule may be amended, supplemented or repealed by Municipality at any time upon ten (10) days written notice to Authority set-

COMPLAINANTS' EXHIBIT No. 130

ting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is inconsistent with, or in violation of, and of the provisions of the remaining part of this contract. In said schedule the term "Distributor" shall be construed to mean Municipality.

9. Waiver of Defaults.—Any waiver at any time by either party hereto of its rights with respect to any default of the other party hereto and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

10. Contract Not Transferable.—Neither this contract nor any interest therein shall be transferable or assignable by Municipality to any other party without the consent of Authority.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested in duplicate, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, By Harcourt A. Morgan, Vice-Chairman Board of Directors.

Attest: Charles E. Hoffman, Assistant Secretary.

City of Middlesborough, Kentucky, By Ike Ginsburg, Mayor.

Attest: Edw. L. Johnson, City Clerk.

[fol. 2381] The Schedule of Rates and Charges, the Schedules of Terms and Conditions and Rules and Regulations attached to this contract are substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, Tennessee. (Complainants' Exhibit No. 118.)

[fol. 2382] COMPLAINANTS' EXHIBIT No. 131

Amendatory Agreement Between TVA and the City of Middlesboro, Kentucky, Dated October 20, 1937

(Omitted)

[fol. 2383] COMPLAINANTS' EXHIBIT No. 132

Power Contract Between Tennessee Valley Authority and
City of Trenton, Tennessee

This agreement, made and entered into this 23rd day of August, 1937, between the Tennessee Valley Authority, hereinafter called "Authority," a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and the city of Trenton, hereinafter called "Municipality," a municipal corporation duly organized, created and existing under and by virtue of the laws of the State of Tennessee, its successors and assigns,

Witnesseth:

Whereas, Authority, by section 10 of said act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas, Municipality, by legislative authority owns and operates a municipal electric distribution system; and

Whereas, Municipality desires to purchase power from Authority for municipal purposes and for resale and proposes to pay therefor; and

Whereas, after investigation by Authority, it appears that quantities of power sufficient to meet the requirements [fol. 2384] of Municipality, under the terms of this contract, will be available for sale by Authority after all requirements of Authority and of the United States have been fulfilled; and

Whereas, all parties to this contract have duly authorized its execution;

Now, Therefore, for and in consideration of the mutual covenants herein contained, and subject to all of the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Term of Contract.—This contract shall become effective upon the execution thereof, and shall continue in effect for twenty (20) years; Provided, however, That all obligations of the parties hereto with regard to the rendition of service and payment therefor shall begin at such time (hereinafter designated "date of initial delivery") as Authority

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shall have constructed and installed the transmission and transformation facilities necessary in the opinion of Authority for such service. All service and payment periods hereinafter referred to shall be computed from the date of initial delivery.

2. Construction of Transmission Facilities.—Authority agrees, with all reasonable diligence, to construct and install the transmission and transformation facilities reasonably necessary in the opinion of Authority for continuous and dependable service, giving due consideration to the actual magnitude of Municipality's load requirements.

3. Power Supply.—Authority will, from the date of initial delivery to the expiration hereof, supply electricity to Municipality for municipal purposes and for resale. Municipality [fol. 2385] agrees to purchase from Authority, and Authority agrees to supply, the entire electricity requirements of Municipality. Should Municipality during the period of this contract desire to increase its purchases in excess of 1500 kw., Authority shall deliver such excess upon written demand and after reasonable notice, provided that the requirements of Authority and/or the United States reasonably enable it to do so. Reasonable notice shall be defined as nine (9) months after date of demand if the additional requirements are 5000 kw. or less, twelve (12) months after date of demand if the additional requirements are over 5000 kw. but not over 10,000 kw., and two (2) years after date of demand if the additional requirements are in excess of 10,000 kw. Said energy shall be delivered in the form of three phase, alternating current, at approximately 60 cycles per second and approximately 2300 volts, or at such other voltage as the parties may from time to time agree.

4. Point of Delivery.—Authority will deliver the electricity purchased hereunder at the present City Light Plant, Municipality to furnish Authority gratis a substation-site adjacent thereto for the period of this contract. The energy to be supplied Municipality hereunder shall be metered at the low tension side of the stepdown transformer bank or banks of the substation or substations to be constructed, owned, and operated by Authority, and Authority will install only such oil circuit breakers as in its opinion are necessary for the protection of its transformer bank or banks

COMPLAINANTS' EXHIBIT No. 132

and/or the transmission line or transmission lines supplying energy to such substations. Authority shall have free access to such substation site and substation for purposes of operation, maintenance, repair, improvement, replacements and removal.

[fol. 2386] 5. Schedule of Rates.—Attached hereto, and hereby made a part hereof, is a "Schedule of Rates and Charges," in which the term "Contractor" shall be construed to mean Municipality. Municipality agrees to pay for the energy supplied by Authority at the rates fixed in Schedule A-1 entitled "Wholesale Power Rate." All payments shall be made to Authority at its offices at Wilson Dam, Alabama, or at such other place as Authority may from time to time designate.

6. Resale Rates.—In order to insure a wide and ample distribution of electricity in the area served by Municipality, Authority and Municipality agree as follows:

(a) Municipality agrees that the surplus power purchased hereby shall be sold and distributed to the ultimate consumer without discrimination between consumers of the same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any customer.

(b) Municipality shall charge consumers, including all municipal and governmental customers and departments, the rates set forth for the several classes thereof in Schedules B-1, B-2, B-3, and B-5 of the Schedule of Rates and Charges, and not depart therefrom except by agreement of the parties. Additional resale schedules for special classes of consumers or special uses of electricity may be added from time to time by agreement of the parties; Provided, however, that Municipality may, for a period not to exceed two (2) years from the date of this agreement, add to its resale rates a temporary amortization charge, applicable to all customers, of one cent (1c) per kwh. for the first one hundred (100) kwh. used per month, such charge to be not [fol. 2387] less than \$0.25 nor more than \$1.00 per customer per month, but such amortization charge shall be temporary only and shall be considered only as a means of amortizing Municipality's indebtedness, if any, for loans of money or materials for the rehabilitation of or extension to its elec-

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tric system. The proceeds of such amortization charge, if any, shall be deposited in a special fund to be used only for amortization of any such indebtedness.

(c) If it should appear that the rates provided for in said resale schedules, with the surcharge provided for therein, do not produce revenues sufficient to operate and maintain Municipality's electric system on a self-supporting and financially-sound basis, including requirements for interest and amortization on indebtedness applicable to Municipality's electric system, Authority and Municipality shall agree upon, and Municipality shall put into effect, such changes in rates as will provide for the increased revenues necessary to place the system upon such self-supporting and financially-sound basis.

(d) Municipality shall dispose of its gross revenues from electric operations in the following manner:

(1) Revenues shall first be used for the payment of all current operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale and insurance.

(2) From remaining revenues Municipality shall next currently provide for the payment at maturity of interest accrued on all bonds or other indebtedness applicable to Municipality's electric system, and for amortization charges on all such bonds or other indebtedness and/or sinking fund payments thereon.

(3) Thereafter revenues shall be used currently to [fol. 2388] set up reasonable reserves for replacements, new construction and for contingencies, and to provide a reasonable amount of cash working capital.

(4) From remaining revenues Municipality shall thereafter pay into its General Fund a return on its investment and a tax equivalent as provided in the Financial and Accounting Policy in the Schedule of Terms and Conditions of Contract attached hereto.

(5) All remaining revenues shall be considered surplus revenues and may be devoted by Municipality to the purchase or retirement of bonds or other indebtedness applicable to the electric system before maturity, and if not so

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devoted shall serve as the basis for the reduction or elimination of surcharges to consumers, and thereafter for the reduction of rates; Provided, however, that Municipality need not reduce its rates nor reduce or eliminate surcharges unless net earnings, defined as the amount remaining after deducting from the total income of the electric system all operating expenses as defined in subsection (d) (1) of this section, exceed Sixteen Thousand Dollars (\$16,000.00) annually, and then only to the extent of such excess. Surplus revenues shall be computed as of December 31 and June 30 of each year.

7. Present Value of Municipality's Electric System.—For the purpose of this agreement the present value of Municipality's electric system, including generating plant, as of the date of execution of this agreement, is agreed to be the sum of Fifty Thousand Seven Hundred Thirty-one and 52/100 Dollars (\$50,731.52) determined as follows:

| | |
|---|-------------|
| [fol. 2389] Replacement Cost New of | |
| Distribution System | \$37,978.08 |
| Less Accrued Depreciation | 11,054.40 |
| | <hr/> |
| Present Value of Electric Distribution System | \$26,923.68 |
| Present Standby Value of Generating Plant | 23,807.84 |
| | <hr/> |
| Total | \$50,731.52 |

The net investment of Municipality in its electric system, for the purpose of this agreement as of the date of execution, is agreed to be zero determined as follows:

| | |
|---|-------------|
| Present Value of System | |
| Less Bonds Applicable to System .. | \$50,731.52 |
| And Other Indebtedness Applicable to System | None |
| | <hr/> |
| Total Indebtedness Applicable to System | 50,731.52 |
| | <hr/> |
| Net Investment | Zero. |

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8. **Payment for Municipality's Energy Requirements.**—Municipality agrees to pay into its electric funds from appropriate general or special funds for all electric service required by Municipality for street lighting, water pumping, and other operations and uses, at the resale rates as set forth in the Schedule of Rates and Charges, with such modifications and additions as may from time to time be agreed upon by the parties.

9. **Terms and Conditions.**—Attached hereto, and hereby made a part hereof, but subject to the express provisions of this contract which in case of conflict shall control, is a schedule entitled "Schedule of Terms and Conditions." The provisions of this schedule may from time to time be changed or supplemented by agreement of Municipality and [fol. 2390] Authority. It is understood and agreed that the several provisions of the said schedule with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the Schedule of Rates and Charges, are of the essence of this contract.

10. **Rules and Regulations.**—Attached hereto and hereby made a part hereof is a schedule of Rules and Regulations. Municipality hereby adopts said schedule as the Rules and Regulations of Municipality, subject to the express provisions of this contract, which in case of conflict shall control. The provisions of said schedule may be amended, supplemented, or repealed by Municipality at any time upon ten (10) days' written notice to Authority, setting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is inconsistent with or in violation of any of the provisions of the remaining part of this contract. In said schedule the term "Distributor" shall be construed to mean Municipality.

11. **Reports to Authority.**—Municipality agrees that not later than the first day of September each year, it will render Authority a complete report of the condition of its property and the results of its operations for the preceding year ending June 30. Municipality agrees promptly to supply Authority with such additional information with regard to its property and operations as Authority may from time to time reasonably request.

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12. Waiver of Default.—Any waiver at any time by either party hereto of its rights with respect to any default of the other party hereto and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

[fol. 2391] 13. Contract Not Transferable.—Neither this contract nor any interest therein shall be transferable or assignable by either party, without the consent of the other party.

14. Previous Agreements.—This agreement constitutes the entire contract between the parties, and there are no understandings or representations of any kind not expressly set forth herein.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested in triplicate by their duly authorized officers the day and year first above written.

Tennessee Valley Authority, (S.) by Arthur E. Morgan, Chairman, Board of Directors. R. G. S., Legal Div. (Seal.)

Attest: (S.) Charles E. Hoffman, Assistant Secretary.

City of Trenton, Tennessee, (S.) by W. E. Seat, Mayor. (Seal.)

Attest: (S.) P. B. Freeman, Recorder.

JLF:RGS:EW:MJ.

[fol. 2392] The Schedule of Rates and Charges, the Schedules of Terms and Conditions and Rules and Regulations attached to this contract are substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, Tennessee. (Complainants' Exhibit No. 118.)

[fol. 2393] COMPLAINANTS' EXHIBIT No. 133

Power Contract Between Tennessee Valley Authority and the City of Jackson, Tennessee

This Agreement, made and entered into as of the 1st day of September, 1937, between the Tennessee Valley Author-

COMPLAINANTS' EXHIBIT No. 133

ity, hereinafter called "Authority," a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and The City of Jackson, Tennessee, hereinafter called "Municipality," a municipal corporation duly organized, created, and existing under and by virtue of the laws of the State of Tennessee, its successors and assigns,

Witnesseth:

Whereas, Authority, by Section 10 of said Act, is authorized to sell the surplus power generated by it and not used in its operations, and is directed to give preference to States, Counties, Municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and,

Whereas, by Section 11 of said Act it is provided that the sale of power by Authority shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available; and,

[fol. 2394] Whereas, Municipality owns and operates an electric street lighting system and water pumping plant, and the electors of Municipality have by referendum authorized Municipality to acquire by construction or purchase a municipal electric distribution system, and Municipality intends to acquire and operate such a system; and,

Whereas, Municipality desires to purchase power from Authority for municipal purposes and for resale and proposes to pay therefor; and,

Whereas, after investigation by Authority, it appears that Authority will have sufficient quantities of power available to meet the requirements of Municipality under the terms of this contract after all requirements of Authority and of the United States have been fulfilled; and,

Whereas, all parties to this contract have duly authorized its execution;

Now, Therefore, for and in consideration of the mutual covenants herein contained, and subject to all of the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

COMPLAINANTS' EXHIBIT No. 133

1. Term of Contract.—This contract shall become effective upon the execution hereof, and shall continue in effect for twenty years.

2. Acquisition of Plant.—Municipality agrees with all reasonable diligence to acquire by purchase or construction a municipal electric distribution system for The City of Jackson, and to do all acts and things which it may legally do, which may be necessary or helpful in effectuating such purpose.

[fol. 2395] 3. Construction of Transmission Facilities.—Authority agrees, with all reasonable diligence to construct and install the transmission and transformation facilities reasonably necessary in the opinion of Authority for continuous and dependable service, giving due consideration to the actual magnitude of Municipality's load requirements.

4. Power Supply.—Authority will, from the date of execution of this contract to the expiration hereof, supply electricity to Municipality for municipal purposes and for resale. Municipality agrees to purchase from Authority, and Authority agrees to supply, the entire electricity requirements of Municipality. Should Municipality during the period of this contract desire to increase its purchases in excess of 600 KVA, Authority shall deliver such excess upon written demand and after reasonable notice, provided that the requirements of Authority and/or the United States reasonably enable it to do so. Reasonable notice shall be defined as six (6) months after date of demand if the additional requirements are 3,000 kw. or less, twelve (12) months after date of demand if the additional requirements are over 3,000 kw. but not over 5,000 kw., and two (2) years after date of demand if the additional requirements are in excess of 5,000 kw. Said energy shall be delivered in the form of three phase, alternating current, at approximately 60 cycles per second and approximately 2,300 volts, or at such other voltage as the parties may from time to time agree.

5. Point of Delivery.—Authority will deliver and meter the electricity purchased hereunder at the low tension side

COMPLAINANTS' EXHIBIT No. 133

of Authority's substation located adjacent to Municipal- [fol. 2396] ity's present water and light plant on South Royal Street in the city of Jackson, Tennessee, or at such other point as the parties may from time to time agree upon. Authority will install only such oil circuit breakers as in its opinion are necessary for the protection of its transformer bank or banks and/or the transmission line or lines supplying energy to such substation.

6. **Schedule of Rates.**—Attached hereto, and hereby made a part hereof, is a "Schedule of Rates and Charges." Municipality agrees to pay for the energy supplied by Authority at the rates fixed in Schedule A-1 entitled "Wholesale Power Rate." All payments shall be made to Authority at its offices at Wilson Dam, Alabama, or at such other place as Authority may from time to time designate.

7. **Resale Rates.**—In order to insure a wide and ample distribution of electricity in the area served by Municipality, Authority and Municipality agree as follows:

(a) The surplus power purchased by Municipality hereunder shall be sold and distributed by Municipality to the ultimate consumer without discrimination between consumers of the same class, and no discriminatory rate, rebate, or other special concession will be made or given by Municipality to any customer.

(b) Municipality shall charge consumers, including all municipal and governmental customers and departments, the rates set forth for the several classes thereof in Schedules B-1, B-2, B-3, and B-5 of the Schedule of Rates and Charges, and shall not depart therefrom except by agreement of the parties. Additional resale schedules for special [fol. 2397] classes of consumers or special uses of electricity may be added from time to time by agreement of the parties.

(c) If it should appear that the rates provided for in said resale schedules, with the surcharge provided for therein, do not produce revenues sufficient to operate and maintain Municipality's electric system on a self-supporting and financially-sound basis, including requirements for

COMPLAINANTS' EXHIBIT No. 133

interest and amortization on indebtedness applicable to Municipality's electric system, Authority and Municipality shall agree upon, and Municipality shall put into effect, such changes in rates as will provide for the increased revenues necessary to place the system upon such self-supporting and financially-sound basis.

(d) Municipality shall dispose of its gross revenues from electric operations in the following manner:

(1) Revenues shall first be used for the payment of all current operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale and insurance.

(2) From remaining revenues Municipality shall next currently provide for the payment at maturity of interest accrued on all bonds or other indebtedness applicable to Municipality's electric system, and for amortization charges on all such bonds or other indebtedness and/or sinking fund payments thereon.

(3) Thereafter revenues shall be used currently to set up reasonable reserves for replacements, new construction and for contingencies, and to provide a reasonable amount of cash working capital.

[fol. 2398] (4) From remaining revenues Municipality shall thereafter pay into its General Fund a return on its investment and a tax equivalent as provided in the Financial and Accounting Policy in the Schedule of Terms and Conditions of Contract attached hereto.

(5) All remaining revenues shall be considered surplus revenues and may be devoted by Municipality to the purchase or retirement of bonds or other indebtedness applicable to the electric system before maturity, and if not so devoted shall serve as the basis for the reduction or elimination of surcharges to consumers, and thereafter for the reduction of rates. Surplus revenues shall be computed as of December 31, and June 30, of each year.

8. Payment for Municipality's Energy Requirements.—Municipality agrees to pay into its electric funds from appropriate general or special funds for all electric service

COMPLAINANTS' EXHIBIT No. 133

required by Municipality for street lighting, water pumping, and other operations and uses, at the resale rates as set forth in the Schedule of Rates and Charges, with such modifications and additions as may from time to time be agreed upon by the parties.

9. Terms and Conditions.—Attached hereto, and hereby made a part hereof, is a schedule entitled, "Schedule of Terms and Conditions." The provisions of this schedule may from time to time be changed or supplemented by agreement of Municipality and Authority. It is understood and agreed that the several provisions of the said schedule, with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the Schedule of Rates and Charges, are of the essence of this contract.

[fol. 2399] 10. Rules and Regulations.—Attached hereto and hereby made a part hereof is a "Schedule of Rules and Regulations." Municipality hereby adopts said Schedule of Rules and Regulations. The provisions of said schedule may be amended, supplemented or repealed by Municipality at any time upon ten (10) days written notice to Authority setting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is inconsistent with or in violation of any of the provisions of the remaining part of this contract. In said schedule the term "Distributor" shall be construed to mean Municipality.

11. Waiver of Defaults.—Any waiver at any time by either party hereto of its rights with respect to any default of the other party hereto and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

12. Contract Not Transferable.—Neither this contract nor any interest therein shall be transferable or assignable by Municipality to any other party without the consent of Authority.

13. Termination of Prior Contract.—The term of the power contract dated October 16, 1935, between the parties

COMPLAINANTS' EXHIBIT No. 133

hereto, shall be deemed to expire and terminate as of the date of this contract, and said contract of October 16, 1935, shall be superseded by this contract.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, (S.) by Arthur E. Morgan, Chairman, Board of Directors. W. T. M. Legal Div. (Seal.)

Attest: (S.) Charles E. Hoffman, Assistant Secretary.

The City of Jackson, Tennessee, (S.) by A. B. Foust, Mayor and Chairman of Board of Public Utilities. (Seal.)

Attest: (S.) D. W. Luckey, City Recorder.

WTM:EW

[fol. 2401] The Schedule of Rates and Charges, the Schedules of Terms and Conditions and Rules and Regulations attached to this contract are substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, Tennessee. (Complainants' Exhibit No. 118.)

[fol. 2402] COMPLAINANTS' EXHIBIT No. 134

Power Contract Between Tennessee Valley Authority and City of Paris, Tennessee

This Agreement, made and entered into this 2nd day of November, 1937, between the Tennessee Valley Authority, hereinafter called "Authority," a corporation created by the Tennessee Valley Authority Act of 1933, its successors and assigns, and City of Paris, Tennessee, a municipal corporation duly organized, created, and existing under and by virtue of the laws of the State of Tennessee, hereinafter called "Municipality," its successors and assigns:

Witnesseth:

Whereas, Authority, by Section 10 of said Act, is authorized to sell the surplus power generated by it and not used

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1
in its operations, and is directed to give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers not organized or doing business for profit; and

Whereas, by section 11 of said Act it is provided that the sale of power by Authority shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available; and

[fol. 2403] Whereas, the electors of Municipality have by referendum authorized Municipality to acquire by construction or purchase a municipal electric distribution system, and Municipality intends to acquire and operate such a system; and

Whereas, Municipality desires to purchase power from Authority for municipal purposes and for resale and proposes to pay therefor; and

Whereas, after investigation by Authority, it appears that quantities of power generated at Authority's dams, sufficient to meet the requirements of Municipality under the terms of this contract, will be available for sale by Authority after all requirements of Authority and of the United States have been fulfilled; and

Whereas, all parties to this contract have duly authorized its execution;

Now, Therefore, for and in consideration of the mutual covenants herein contained, and subject to all of the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Term of Contract.—This contract shall become effective upon the execution hereof, and shall continue in effect for twenty (20) years; Provided, that all obligations of the parties hereto with regard to the rendition of service and payment therefor shall begin at such time (hereinafter designated "date of initial delivery") as Authority shall have completed acquisition or construction of the transmission and transformation facilities necessary to serve [fol. 2404] Municipality, and Municipality shall have acquired its distribution system, or any part thereof, and shall be in physical position to take such service for its said system or part thereof. All service and payment periods

COMPLAINANTS' EXHIBIT No. 134

hereinafter referred to shall be computed from the date of initial delivery.

2. Acquisition of Systems.—Municipality agrees to use all reasonable diligence in acquiring, by construction, purchase, or otherwise, a distribution system, operation of which is permitted by Municipality. Upon six months' notice in writing that Municipality has completed arrangements and executed firm contracts for the purchase, construction, or acquisition of said system and the financing thereof, including customer commitments giving Municipality an assured load of at least 750 kw., Authority agrees to arrange to construct or acquire such transmission and transformation facilities as are reasonably necessary to supply Municipality's wholesale power requirements, giving due regard to the magnitude thereof. In the event Municipality determines to construct its distribution system, it shall also notify Authority of the date on which actual construction is begun, in order that Authority may coordinate its construction or acquisition plans with those of Municipality. In no event shall Authority be obligated to commence delivery of power to Municipality hereunder prior to December 30, 1938.

3. Power Supply.—Authority will, from the date of initial delivery to the expiration hereof, supply electricity to Municipality for municipal purposes and for resale. Municipality agrees to purchase from Authority, and Authority agrees to supply, the entire electricity requirements of Municipality. Should Municipality during the period of [fol. 2405] this contract desire to increase its purchases in excess of 1500 kw., Authority shall deliver such excess upon written demand and after reasonable notice, provided that the requirements of Authority and/or the United States reasonably enable it to do so. Reasonable notice shall be defined as nine (9) months after date of demand if the additional requirements are 5,000 kw. or less, twelve (12) months after the date of demand if the additional requirements are over 5,000 kw. but not over 10,000 kw., and two (2) years after date of demand if the additional requirements are in excess of 10,000 kw. Said energy shall be delivered in the form of three phase, alternating current, at approximately 60 cycles per second and approximately

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2300 volts, or at such other voltage as the parties may from time to time agree.

4. Point of Delivery.—Authority shall deliver the power purchased hereunder at such point within or near the corporate limits of Municipality as shall hereafter be agreed upon between Authority and Municipality, and Municipality shall furnish Authority gratis a substation site for the period of this contract. The energy to be supplied Municipality hereunder shall be metered at the low tension side of the step-down transformer bank or banks of the substation or substations to be constructed, owned, and operated by Authority, and Authority will install only such oil circuit breakers as in its opinion are necessary for the protection of its transformer bank or banks and/or the transmission line or lines supplying energy to such substations.

5. Schedule of Rates.—Attached hereto, and hereby made a part hereof, is a "Schedule of Rates and Charges." [fol. 2406] Municipality agrees to pay for the energy supplied by Authority at the rates fixed in Schedule A-1 entitled "Wholesale Power Rate." Municipality shall pay Authority the following amounts annually as a minimum:

| | |
|---|--------------------|
| First year after date of initial delivery | \$15,000 per year. |
| Second year after date of initial delivery | 18,000 per year. |
| Third and succeeding years after date of initial delivery | 25,000 per year. |

In the event that this contract terminates on a date other than an anniversary of the date of initial delivery, the minimum bill for the partial year shall be prorated on a calendar basis. Any sums due under the minimum bill provisions of this section shall be paid within thirty (30) days after the end of the year or partial year for which such sums are due. All payments shall be made to Authority at its offices at Wilson Dam, Alabama, or at such other place as Authority may from time to time designate.

6. Resale Rates.—In order to insure a wide and ample distribution of electricity in the area served by Municipality, Authority and Municipality agree as follows:

(a) Municipality agrees that the surplus power purchased hereby shall be sold and distributed to the ultimate con-

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sumer without discrimination between consumers of the same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any customer.

(b) Municipality agrees to charge consumers, including all municipal and governmental customers and departments, the rates set forth for the several classes thereof in Schedules B-1, B-2, B-3, and B-5 of the Schedule of Rates and Charges, and not to depart therefrom except by agreement [fol. 2407] of the parties. Additional resale schedules for special classes of consumers or special uses of electricity may be added from time to time by agreement of the parties.

(c) If it should appear that the rates provided for in said resale schedules, with the surcharge provided for therein, do not produce revenues sufficient to operate and maintain Municipality's electric system on a self-supporting and financially-sound basis, including requirements for interest and amortization on indebtedness applicable to Municipality's electric system, Authority and Municipality shall agree upon, and Municipality shall put into effect such changes in rates as will provide for the increased revenues necessary to place the system upon such self-supporting and financially-sound basis.

(d) Municipality agrees to dispose of its gross revenues from electric operations in the following manner:

(1) Revenues shall first be used for the payment of all current operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale, and insurance.

(2) From remaining revenues Municipality shall next currently provide for the payment at maturity of interest accrued on all bonds or other indebtedness applicable to Municipality's electric system, and for amortization charges on all such bonds or other indebtedness and/or sinking fund payments thereon.

(3) Thereafter revenues shall be used currently to set up reasonable reserves for replacements, new construction, and for contingencies, and to provide a reasonable amount of cash working capital.

[fol. 2408] (4) From remaining revenues Municipality shall thereafter pay into its General Fund a return on its

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investment and a tax equivalent as provided in the Financial and Accounting Policy in the Schedule of Terms and Conditions of Contract attached hereto.

(5) All remaining revenues shall be considered surplus revenues and may be devoted by Municipality to the purchase or retirement of bonds or other indebtedness applicable to the electric system before maturity and if not so devoted shall serve as the basis for the reduction or elimination of surcharges to consumers, and thereafter for the reduction of rates. Surplus revenues shall be computed as of December 31 and June 30 of each year.

7. Payment for Municipality's Energy Requirements.—Municipality agrees to pay into its electric funds from appropriate general or special funds for all electric service required by Municipality for street lighting, water pumping, and other operations and uses, at the resale rates as set forth in the Schedule of Rates and Charges, with such modifications and additions as may from time to time be agreed upon by the parties.

8. Terms and Conditions.—Attached hereto, and hereby made a part hereof, is a schedule entitled "Schedule of Terms and Conditions." The provisions of this schedule may from time to time be charged or supplemented by agreement of Municipality and Authority. It is understood and agreed that the several provisions of the said schedule, with such changes as may from time to time be adopted pursuant hereto, as well as the several provisions of this contract and of the Schedule of Rates and Charges, are of the essence of this contract.

[fol. 2409] 9. Rules and Regulations.—Attached hereto and hereby made a part hereof is a "Schedule of Rules and Regulations." Municipality hereby adopts said Schedule of Rules and Regulations. The provisions of said schedule may be amended, supplemented, or repealed by Municipality at any time upon ten (10) days' written notice to Authority setting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is inconsistent with or in violation of any of the provisions of the remaining part of this contract. In said schedule the term "Distributor" shall be construed to mean Municipality.

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10. Waiver of Defaults.—Any waiver at any time by either party hereto of its rights with respect to any default of the other party hereto and/or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

11. Contract Not Transferable.—Neither this contract nor any interest therein shall be transferable or assignable by Municipality to any other party without the consent of Authority.

In Witness Whereof, the parties hereto have caused this instrument to be signed and attested in quadruplicate, by their duly authorized officers, the day and year first above written.

Tennessee Valley Authority, (Sgd.) By John B. Blandford, Jr., General Manager. J. C. S., Leg. Div. (Seal.)

Attest: (Sgd.) Charles E. Hoffman, Assistant Secretary.

City of Paris, Tennessee, (Sgd.) By Yancey Caldwell, Mayor. (Seal.)

Attest: (Sgd.) Fred R. Balch, City Clerk.

JLF:RGS:FE.

[fol. 2410] The Schedule of Rates and Charges, the Schedules of Terms and Conditions and Rules and Regulations attached to this contract are substantially the same as those attached to and made a part of the contract between TVA and the City of Dickson, Tennessee. (Complainants' Exhibit No. 118.)

[fol. 2411] COMPLAINANTS' EXHIBIT No. 135

Power Contract Between TVA and Prentiss County (Mississippi) Electric Power Association, Dated December 1, 1936

(Here omitted as such contract appears in full at pages 225 et seq., of the Annual Report of TVA for, the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

COMPLAINANTS' EXHIBIT No. 136

Power Contract Between TVA and Cullman County (Alabama) Electric Membership Corporation, Dated August 4, 1936

(Here omitted as such contract appears in full at pages 153 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2412] **COMPLAINANTS' EXHIBIT No. 137**

Power Contract Between TVA and Gibson County (Tennessee) Electric Membership Corporation, Dated August 13, 1936

(Here omitted as such contract appears in full at pages 167 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

COMPLAINANTS' EXHIBIT No. 138

Power Contract Between TVA and Middle Tennessee Electric Membership Corporation, Dated August 13, 1936

(Here omitted as such contract appears in full at pages 180 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2413] **COMPLAINANTS' EXHIBIT No. 139**

Power Contract Between TVA and Pickwick Electric Membership Corporation, Dated August 26, 1936

(Here omitted as such contract appears in full at pages 197 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

COMPLAINANTS' EXHIBIT No. 140

**Power Contract Between TVA and Duck River (Tennessee)
Electric Membership Corporation, Dated October 31,
1936**

(Here omitted as such contract appears in full at pages 211 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2414] **COMPLAINANTS' EXHIBIT No. 141**

**Power Contract Between TVA and Southwest Tennessee
Electric Membership Corporation, Dated December 9, 1936**

(Here omitted as such contract appears in full at pages 239 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2415] **COMPLAINANTS' EXHIBIT No. 142**

**Power Contract Between TVA and Joe Wheeler Electric
Membership Corporation, Dated September 24, 1937**

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and North Georgia Electric Membership Corporation, except:

1. The maximum amount of electricity which TVA shall be obligated to deliver shall not be in excess of 1000 kw. except on demand and notice as provided for in the contract between TVA and the City of Sheffield, Alabama.

2. The point of delivery shall be on the low tension side of TVA's substations located near Courtland, Alabama, and in Hartselle, Alabama.

[fol. 2416] COMPLAINANTS' EXHIBIT No. 143

Power Contract Between TVA and Cherokee County (Alabama) Electric Membership Corporation, Dated November 2, 1937

To avoid repetition this exhibit is not set out herein at length. It is substantially the same as the contract between TVA and North Georgia Electric Membership Corporation, except:

1. The maximum amount of electricity which TVA agrees to supply before January 1, 1939, is 1000 kw.
2. The point of delivery shall be at TVA's metering equipment located in the vicinity of Crossville, Alabama.

[fol. 2417] COMPLAINANTS' EXHIBIT No. 144

Power Contract Between TVA and Northeast Mississippi Electric Power Association, Dated March 26, 1937

(Here omitted as such contract appears in full at pages 277 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2418] COMPLAINANTS' EXHIBIT No. 145

Supplement to Power Contract Between TVA and North East Mississippi Electric Power Association, Dated July 27, 1937

This contract, omitting the formal parts thereof is as follows:

"Whereas, said agreement dated March 26, 1937, provided in Paragraph 2 thereof that such electricity supplied by the Authority to the Association should be used or resold in the counties of Pontotoc and Union exclusively, which territorial restriction it is now desired to abandon;

Now, Therefore, in consideration of the premises and the mutual covenants herein contained, said agreement dated March 26, 1937, is hereby supplemented and amended as follows:

1. Authority will, from and after the "Date of initial delivery" as defined in Paragraph 1 of said original agreement, supply electricity to the Association for corporate purposes and for resale, to be used or resold in any counties to which the Association's distribution lines now or hereafter constructed may extend, including, but not limited to, the counties of LaFayette and Marshall, in addition to those counties, being Pontotoc and Union, originally provided for.

Association agrees to purchase from Authority the entire electricity requirements of Association, whether for use or resale in any territory into which its lines may now or hereafter extend.

[fol. 2419] **COMPLAINANTS' EXHIBIT No. 146**

Power Contract Between TVA and Alabama Asphaltic Limestone Company, Dated May 1, 1936

(Here omitted as such contract appears in full at pages 325 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

COMPLAINANTS' EXHIBIT No. 147

Power Contract Between TVA and Goodyear Decatur Mills, Dated May 1, 1936

(Here omitted as such contract appears in full at pages 324 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2420] **COMPLAINANTS' EXHIBIT No. 148**

Power Contract Between TVA and L. & N. Railroad Company, Dated June 22, 1936

(Here omitted as such contract appears in full at pages 326 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

COMPLAINANTS' EXHIBIT No. 149

Power Contract Between TVA and Rockwood Alabama Stone Company, Dated August 25, 1936

(Here omitted as such contract appears in full at pages 196 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2421] **COMPLAINANTS' EXHIBIT No. 150.**

Power Contract Between TVA and Robbins-Tire & Rubber Company, Dated November 1, 1936.

(Here omitted as such contract appears in full at pages 224 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

COMPLAINANTS' EXHIBIT No. 151

Power Contract Between TVA and Aluminum Company of America, Dated July 20, 1937.

(Here omitted as such contract appears in full at pages 309 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

[fol. 2422] **COMPLAINANTS' EXHIBIT No. 152.**

Amendatory Agreement Between TVA and Aluminum Company of America, Dated July 20, 1937.

(Here omitted as such contract appears in full at pages 313 et seq., of the Annual Report of TVA, for the fiscal year ended June 30, 1937, received in evidence as Defendants' Exhibit No. 154 and which is an original exhibit.)

